This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

+ *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.

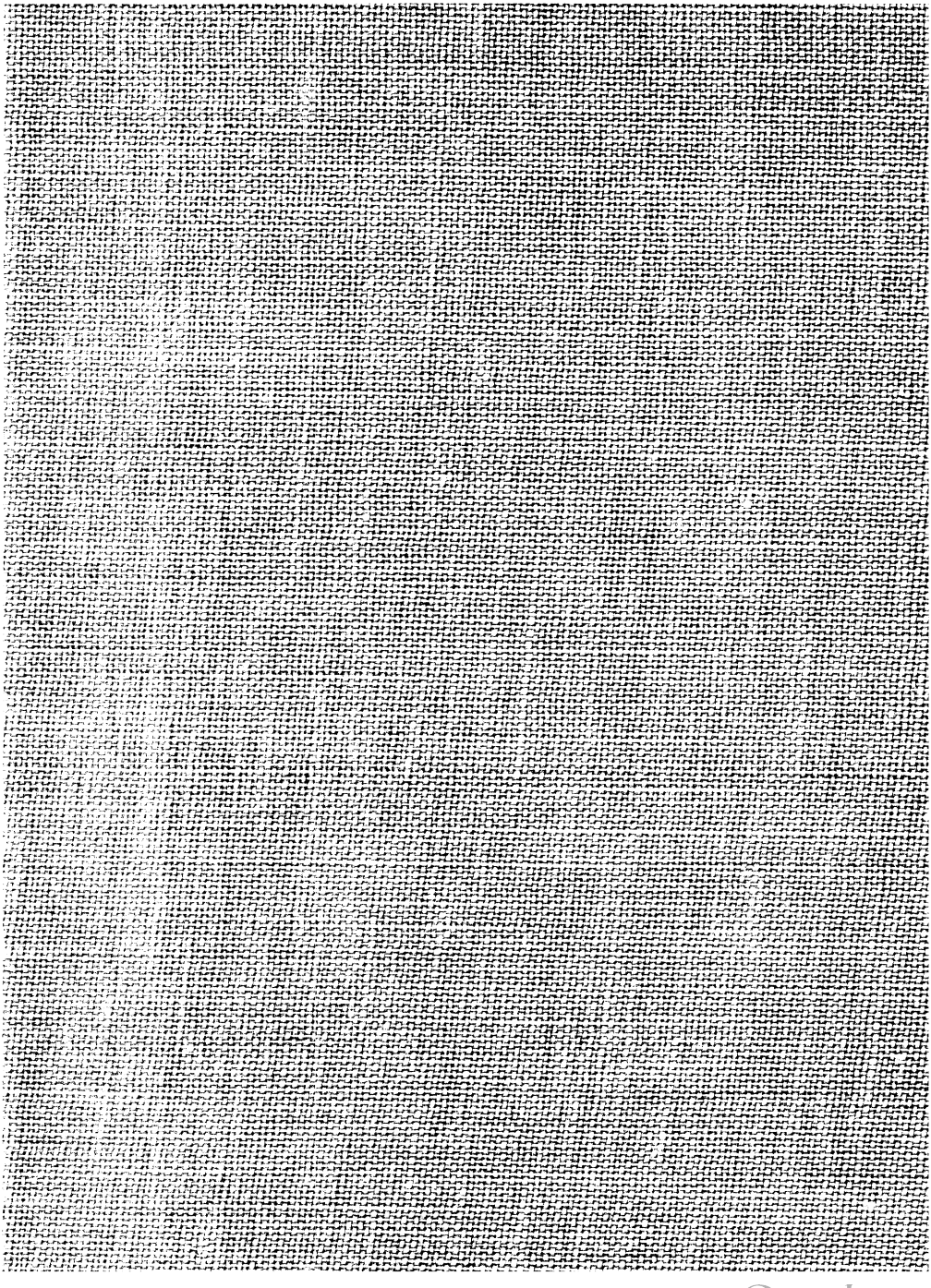
+ *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.

+ *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.

+ *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at `http://books.google.com/`



Hosted by Google

Hosted by Google

THE MONEY AND THE FINANCES OF THE FRENCH REVOLUTION OF 1789.

ASSIGNATS AND MANDATS:

A TRUE HISTORY.

INCLUDING AN EXAMINATION OF

DR. ANDREW D. WHITE'S "PAPER MONEY INFLATION IN FRANCE."

BY

STEPHEN D. DILLAYE.

PHILADELPHIA:
HENRY CAREY BAIRD & CO.,
INDUSTRIAL PUBLISHERS, BOOKSELLERS AND IMPORTERS.
810 WALNUT STREET.
1877.

Hosted by Google

HS
1711.2
.D5

Hosted by Google

54113

CONTENTS.

PAGE.

Mr. White's motives in writing his pamphlet entitled Paper Money Inflation in France..... 7

FIRST PERIOD.

From the Convocation of the States-General to the taking of the Bastile..... 9
The Causes which led to the Convocation..... 9
The Condition of France..... 9
Voltaire, Rousseau and Montesquieu excited the people to think and act..... 9
The American Revolution..... 9
The Three Orders—The Nobility, the Clergy and the People—were represented in the States-General..... 10
How shall they Legislate, as One Body or as Two Distinct and Independent Bodies..... 10
The Long Controversy; the Triumph of the People's Representatives..... 11
The Oath of the Third Estate..... 11
The King Advises the Nobility to Yield,..... 11
The National Assembly had Convened to Discuss the Demands of the People..... 12
Agitation of the Public Mind; the Cry for Bread and for Liberty..... 12
The Army is Concentrated Around Versailles to Put Down Agitation and Overawe the Representatives of the People..... 12
The Universal Cry to Arms..... 13
The First Blood of the Revolution; Stipendiary Soldiers..... 13
A Deputation sent to the King to ask that the Army be Dispersed.... 13
He Answers, Paris is not Capable of Taking Care of Itself..... 13
To the Bastile; the Bastile is Taken..... 13

SECOND PERIOD.

From the Taking of the Bastile to the Flight of Louis 16th..... 14
Civil War Existed..... 14
Emigration Commenced; the Emigres take the Great Bulk of the Specie from France..... 14
The Alarming Condition of the Finances..... 14
The Nobility Separated from the King..... 15
The Revolutionary Party were Without Money..... 15
The Lands of the Church produced an immense Revenue..... 15

Hosted by Google

Dec. 2, 1789, the Revolutionist Confiscated the immense domain..... 15
The Church and Clergy Stigmatize it as a Sacrilegious Robbery..... 16
Assignats Issued Dec. 19, 1789; their basis..... 16
Further Issue June 1, 1790..... 16
Excitement of the Clergy..... 16
It United the Partisans of the Altar and of the Throne..... 16
The Anniversary of the Taking of the Bastile, July 14 and 15, 1790.. 16
The King Accepts the Constitution..... 17
It Recognized the Right to Confiscate the Lands of the Church..... 17
The Oath to Support it..... 17
The *Non-juring* Clergy..... 17
The Federation, and the Enthusiasm of the People..... 17
The Culminating of the Parties and the Passions to Overthrow the Assignats..... 17
Extreme Measures taken to Support and Sustain Them..... 18
They Grew into Credit and Won Public Favor..... 19
Third Issue Sept. 29, 1790..... 19
The Sublime Impatience of the People..... 19
Anarchy, Famine, and Counter-Revolution..... 20
The Heroic Firmness of the Non-juring Clergy..... 20
The Numbers and Great Influence of the Clergy..... 21
Their Resources—their Abbeys; the Religious Sentiment..... 21
Louis XVI. and the Royal Family Attempt to fly from Paris..... 21

THIRD PERIOD.

From the Return of the Royal Family as Captives to the Death of Louis XVI..... 21
The Insincerity of the King in taking the Oath to Support the Constitution..... 21
Burke's Reflections on the French Revolution..... 21
Europe Prepares to Invade France..... 22
The Cry "*Le Patrie est en Danger.*"..... 22
The Veto of the King of the Bill to Enlist an Army to be Encamped near Paris, and a Bill Inflicting Penalties on the Non-juring Clergy..... 22
The Rumor that the King was in Daily Communication with the Enemies on the Border..... 23
The Proclamation of the Duke of Brunswick, sent from Coblentz to the French People..... 23
The Movement of the Invading Armies Commenced..... 24
The Crisis; the Council of War..... 25
The Forest of Argonne, the Thermopylae of France..... 25
The Battles; the Result; the Duke of Brunswick and his forces withdrawn from France..... 26
The Estates of the Emigre Nobility Confiscated..... 26
The National Assembly is Succeeded by the Legislative Assembly... 26
The Different Parties and their Leaders..... 26
The Jacobin Club..... 27

Hosted by Google

The Legislative Assembly Philosophized more than than it Legislated 27
Hatreds now Intensified, and the Guillotine Foreshadowed..... 27
The Ultimatum of the Austrian Minister Kaunitz..... 27
He Demands that the Monarch shall be Restored..... 27
That the Lands of the Church shall be Restored to the Church..... 27
The Girondists Obtain Control of the Civil Government of Paris..... 27
Eighty Thousand Men were on the Borders Ready to Invade France 28
The Declaration of Danton—It is Necessary to Strike the Royalists with Terror..... 28
The Committee of Surveillance..... 28
The Legislative Assembly are Succeeded by the National Convention, September 21, 1792..... 28
The Necessities of War alone United Conflicting Interests..... 28
La Vendee was in Arms..... 28
The Allied Armies Surrounded France..... 28
November 7, 1792, the Committee Recommend that the King be Tried at the Bar of the Convention..... 28
The Trial of the King: he was Condemned; Beheaded..... 29
Revolutionary Tribunal; Committee of Public Safety..... 29

FOURTH PERIOD.

From the Death of the King to the Advent of Napoleon Bonaparte. 29
Robespierre..... 29
The Assignat was the sole means of Support for the Revolution..... 29
The Amount in Circulation, January 1, 1794..... 29
Pitt's Effort to keep alive the Coalition..... 30
Les Jeunesse Dorée; Reaction; Counter-Revolution..... 31
Means adopted to kill the Assignat..... 31
The Revolution stronger than the Clergy..... 32
Forgery Organized as a Business..... 32
Seventeen Manufacturing Establishments in London..... 33
The Extent of the Issue..... 33
Robespierre—The Parties Combined against him..... 34
The Culminating Causes of the overthrow of the Assignat..... 34
Fall and Depreciation of the Assignat..... 36
The Revolution in danger; Reaction is real..... 36
The Great Success of the Revolution has blinded the People to its terrible excesses..... 37
The Assignat kept depreciating..... 37
Fall of Robespierre..... 37
The Thermodians; Organized Nobility; Counter-Revolution..... 37
Decree Expelling the Nobles Repealed..... 38
Nullification of the Decrees against the Clergy..... 38
Restoration of Estates..... 38
"*Le Cri des Familes*"..... 38
Attack on the Jacobin Club..... 38
The Maximum; Its repeal sealed the fate of the Assignat..... 39
The Final Cause of the Overthrow..... 39
The Assembly besieged; the Deputies fly; the Insurgents legislate 39

Hosted by Google

The Clergy and Nobility return to France..... 40
The Nobility show their hand; they demanded revenge..... 40
Arms are taken from the People..... 40
The Assignat fell as reaction increased..... 41
The Constitution of the National Convention..... 41
The Council of 500; the Council des Anciens..... 41
The Directory; the Patriots of 1789..... 42
The Royalist Cry to Arms; the Struggle for Power..... 42
Napoleon Bonaparte Placed in Command..... 42
The Battle; the Victory; the Result of the Victory..... 42
Summing up of the Causes which led to the Overthrow of the Assignats..... 43

Mr. White's Arguments; Comparisons and Illustrations..... 44
Mr. White's First Assumption an Error..... 44
Does Robbery Create Title?..... 45
Mr. White's Practical Guarantee..... 46
His Accredited Basis; His Theory..... 46
His Practical Security..... 47
Natural Laws of Finance; Silver Under its Decrees..... 47
What Right has $150,000,000 in Gold to Dominate Over $40,000,000,000 49
National Property and National Credit as a Basis..... 49
The Inexorable Laws of Finance; Inexorable Humbugs..... 49
Shall Individual Credit Supersede National Credit?..... 50
Shall the Individualism of the Middle Ages Drive Back the Tide of Civilization, or shall the Associated Strength and Progress of the 19th Century Prevail?..... 50
Shall Dead Capital Kill Living and Productive Capital?..... 51
Which is it Safer to Trust?..... 52
His Exaggerated Charges upon the Influence of Paper Money..... 52
Legitimate Enterprises..... 53
Speculation and Gambling..... 54
John Law and His Mississippi Bubbles..... 56
Continental Money..... 59
The Money of the Southern Confederacy..... 61
Mr. White Admits the Fallacy of His Own Argument..... 62
Conclusion..... 64
Appendix—Showing actual facts as to Circulation..... 65

Hosted by Google

THE MONEY AND THE FINANCES OF THE FRENCH REVOLUTION OF 1789.

A publication of recent date, entitled *Paper Money Inflation in France*, by the Hon. Andrew D. White, President of Cornell University, has attracted public notice. The reputation of its author as a historical scholar, and his high position at the head of one of the most progressive institutions of the age, give importance to the pamphlet; and yet neither the reputation nor position of Mr. White should shield his historical sketch from criticism, if in its statement of facts it is wanting in fairness, fullness or candor. That it lacks each of these elements of accuracy I shall undertake to demonstrate.

Mr. White has been frank enough to leave no doubt as to his purpose in producing, at this time, the history of French paper money during the Revolution of 1789. His object is to depreciate American credit, stability and honor. By showing how paper money came to be issued—by the Revolutionary Government of France—"What it brought," and "How it ended"—he undertakes to convince the American people that because Assignats failed and became worthless, the currency known as Greenbacks and National Bank notes, based upon the credit, resources and honor of the United States, must also fail and become worthless.

In a word, Mr. White's pamphlet is the production of a noted *scholar, capitalist, and politician*, to convince the American people that Sir Robert Peel was right when he laid the foundation for the Bank Charter Act of 1844, by declaring that "*Value means and can only mean a certain weight of precious metal, of a certain fineness;*" and that no bank paper, or national paper for circulation, can be worthy of credit, or safe as a medium of exchange, unless that bank paper, or national

Hosted by Google

paper for circulation, "*is based upon an engagement to pay on demand a definite quantity of that metal* (gold) *of the required fineness*;" that no paper should be put in circulation, unless it has an actual gold basis, and actual gold for its redemption.

The effort of his pamphlet is to overthrow our paper currency; to destroy confidence in our stability as a government; to question our honor as a nation, and our honesty as a people, by producing the history of French paper money, and showing by its failure and worthlessness, an example and illustration to convince us that because the French Revolutionists failed in establishing a paper currency worthy of confidence, we must fail; that as they repudiated the obligations they created, the government of the United States must repudiate the obligations it has created or may hereafter create.

Mr. White's argument amounts to this—or it amounts to nothing. In giving the true history of the Assignat, and of the origin of paper credit in France, the circumstances and facts which led to its expansion, and the final causes of its failure and worthlessness, I shall do what Mr. White assumed to do, but failed in doing. Mr. White would stigmatize and depreciate our National Credit: I would applaud and uphold it. I would make it the best and the strongest, and the government the most reliable and durable in the world. For credit is the vital element of national power: with it, governments grow into grandeur; without it, they sink into insignificance and decrepitude. Mr. White has undertaken to show that our basis of paper credit is no better than that of the Revolutionists of France, who built their system on robbery, confiscation and hate. To my mind the comparison is an insult to the intelligence of the age—at all events it is time that the true history of the Assignat should be written, and I undertake the task. I might pause to ask, What is our system of credit? Is it good, or is it bad? Is not its foundation on the rock of established constitutional liberty, stayed by industry unrivalled—by resources without limit—and by national integrity without a stain? But I leave the answer to the people who created it, to the intelligence which characterized it, and to the experience which a century has marked with honor, and filled with integrity, riches and renown.

Hosted by Google

The history of the French Assignat commences with the history of the French Revolution; and the Revolution commences its tangible facts by the convocation of the Three Estates known as the The States-General, on the 5th of May, 1789.

THE CONVOCATION OF THE STATES-GENERAL.

WHEN long reigns of extravagant debauchery had exhausted the finances and ruined the credit of France; when the cry of hunger, want and oppression, coming in one long wail from the masses, had aroused the French people to political discussions; when taxation had eaten up the substance and was draining the very life-blood of the nation; when "the impatience of suffering" had become audacious with demands for political ameliorations; and when all expedients to revive credit, supply the wants of the king, or satisfy the people, had failed, a spirit of resistance to the government became everywhere apparent. Brienne, the Minister of Finance, as an expedient, convoked the Assembly of Notables. The expedient was a failure. But as this body returned to their homes, having done nothing but to pass resolutions approving of the calling of Provincial Assembles, regulating the corn trade, and the suppression of the Corvèe, they carried with them to every part of France positive confirmation of the "embarrassments of the finances, the faults of the ministers, and the prodigality of the court."

The age was ripe for action. Human intellect, which had so long been held in the golden chains of kingly favor, at last cried out to human endurance. Voltaire had awakened France to thought, to action, and to the rights of her people. Montesquieu had published his "*Spirit of the Laws*," and written as if inspired by the spirit of justice. Rousseau had aroused every cottage, and pleaded with every town, city and palace, from the Northern Sea to the Mediterranean, as the apostle and advocate of human rights and of human liberty. The American Revolution had just demonstrated the power of the people, by emphasizing the principles that there shall be no taxation without representation, and that political equality is

Hosted by Google

a political right. France helped to win the battle. She stood by at the surrender of Lord Cornwallis, and her generous aid and never-faltering courage were the subjects of song wherever liberty was known. Lafayette, Rochambeau, the Count de Grasse, Montmorenci, and the long list of her gallant officers and soldiers, on their return to France, were welcomed with heroic fervor; and all over the land, from the Northern Ocean to the Pyrenees, from the Rhine to the English Channel, the spirit they aroused was felt at every fireside, and pulsated in every heart.

At the commencement of the year 1789, nothing was discussed but the abuses to be abolished, the reforms to be effected, and the constitution to be established. There were no means of reaching the end but through the convocation of the Estates-General, and they were convoked. The fifth of May, 1789, was the day of their first assembling.

It was the only legislative or political power of the People under the Bourbons—the only public assembly in which the people could discuss their rights, question the power of the crown, or have a voice in determining the extent and manner in which they should be taxed.

Nearly two hundred years had intervened since there had been such a convocation in France. The Estates-General was composed of 1145 members. They were divided into classes as follows: NOBILITY, 270; Clergy, 291; Third Estate, or representatives of the people, 584.

No period of human government had ever witnessed a body of legislators of whom so much was expected, and out of whose actions results so momentous to mankind were to spring, It started with all the antagonisms of Power, Liberty, Labor. and Religion. This antagonism displayed itself at its opening. The Nobility and Clergy united to demand *that they should legislate as a superior and separate body*—a kind of Senate or Upper House, to act as a curb and veto upon the Third Estate. This the Third Estate openly and firmly resisted. The King, the Queen, the Count D'Artois, the Polignacs, and the great mass of the privileged, sustained the clergy and the nobility. For nearly two months this question of organization preponderated over all others. But during this time events ripened

Hosted by Google

with tropical rapidity. The people were awakened to thought and to action. The time had passed when they were to yield their opinions or their liberty to the dictations of power. For nearly two months the arrogance of privilege, sheltered beneath the dogma of the Divine Right of Kings, step by step battled the approach of the Third Estate towards such a position as would secure just legislation for the masses. But the Third Estate were true to themselves and to liberty; and moved by an impulse as glorious as it was sublime, the whole body arose as one man, on the motion of Mounier, and declared themselves organized as a National Assembly; while they dedicated themselves to God and their country, swearing before heaven never to separate until they had released France from feudal exaction, and given to it a Constitution such as should secure an equality of rights and of privileges to her people.

The nobility were humiliated. The clergy, more confident of the sympathy and support of the people, gradually accepted the situation, and by their adoption of it, forced the royalists to submission. Thus, after two months of controversy, in which the whole round of political passions and hopes and fears was stimulated into activity, the three orders united into and were consolidated as a National Assembly.

The King, weak, irresolute, and spasmodic in his opinions, had urged the Nobility to unite with the Third Estate, assuring them that "*the junction would be but transient*"—that such a step was neccessary to save the throne. At the same time, under the dictation of his Court, he was organizing an army to surround Versailles, occupy Paris, and overpower the Assembly.

The Third Estate was triumphant. The people, for the first time since the advent of Hugh Capet, and the foundation of the Bourbonic throne (more than eight hundred years) possessed the power, and were convened to legislate for themselves. Yes, the long over-taxed, over-burdened, and insulted people, at last stood erect, and in the defiant power of human rights, could cry aloud to France—*Nous somme l' etat.* But this triumph was tempered by justice, and yielded acquiescence to monarchical rule, demanding only that equality of

Hosted by Google

rights and privileges should be secured by constitutional enactments, subject to a regulated legislation by the people.

The National Assembly had convened to hear the demands of the people, abolish privileges, and establish a Constitution. Almost upon the dawn of the great changes thus contemplated, many representatives of the Nobility met together on the *Fourth of August*, and with a grandeur of soul and a generosity of purpose never surpassed, as if inspired by God and liberty, broke the chains and threw off the yoke which had for more than eight hundred years anchored the people to feudal exactions, and made 25,000,000 of subjects slaves to 150,000 privileged lords of the soil. But while the Fourth of August was an impulse of heroic abnegation, and awakened the grandest enthusiasm of the generous, it was as far from quieting the nervous solicitude of the crown as it was from gaining the acquiescence of the great majority of the privileged. Legislation had to perfect and mould the laws to meet the changes contemplated.

During these deliberations a starving populace, urged on by want, scarcity and famine; by the lassitude of trade, which the agitation of the times had paralyzed; by a languishing commerce, which tyranny had crippled; and by an empty treasury, which debauchery and kingly extravagance had bankrupted, was uneasy, revolutionary, and day by day rousing itself into a clamor for bread. Paris was an agitated sea of human passions, where oratory excited by ages of wrongs was hourly calling aloud for political redemption. In this tumult the King and his councilors found occasion for fear, and set themselves to work to suppress the boldness of speech, and the cry for liberty everywhere resounding through the capital.

To meet the emergency which the Count De Broglie, the Count D'Artois, the Queen and her advisers, were determined should culminate in a crisis such as would end agitation, put down the National Assembly, and restore the nobility to its privileges and immunities, an army had been collected and ordered to surround Versailles, and occupy Paris. This army was mostly foreign—it was wholly stipendiary,—and as the Nobility believed, was ready for any outrage, even to murder Liberty itself. A combat between the people and this mer-

Hosted by Google

cenary horde of armed combatants became inevitable. But one thing could avert the tide. The King must disperse and disband the army, or blood would flow and Revolution commence. The excitement grew into a passion, the passion fast culminated towards an insurrection. The Palais Royal resounded in eloquence which found its climax in "a universal cry to arms." The populace flew to the Hotel de Ville. On their way they were charged upon by *the Prince of Lambec*, at the head of A GERMAN REGIMENT. Many were killed and wounded. The blood of the affray inflamed public indignation into public fury. An assembly of electors, then in council at the Hotel de Ville, ordered the immediate enrollment of *a National Guard.* Arms were sought and taken wherever they could be found. Fifty thousand pikes were made in two days.

A deputation was sent to the King, asking for the removal of the troops. He replied "Paris is not capable of taking care of itself." The National Assembly then asserted its prerogative and demanded the removal of the army, the establishment of a civic guard, and declared the King and his councellors responsible for all impending calamities. Fearful rumors of threatened violence to be employed against Paris and the leading members of the National Assembly were everywhere discussed and believed.

THE BASTILE.

The 14th and 15th of July, 1789, were days frightful with agitation, with blood, with revolution, with fears to the nobility. The one cry was, "*To the Bastile.*" Ages of kingly crimes had been covered by its frowning walls, centuries of groans had died away in its casemated vaults. It was a monumental history, where king-craft, oppression, cruelty and crime had satisfied kingly revenge.

> "Ces murs baignés sans cesse et de sang et de pleurs
> Ces tombeau des vivants, ces bastilles affreuses
> D' ecrouleront alons sours des mains généreuses."

Yes, this defiant bulwark, where arbitrary power had scoffed at liberty and put it in chains, was the first enemy to be annihilated; and it was leveled to the ground.

Hosted by Google

The news of the taking of the Bastile, of the murder of Delauney its governor, and of Flesselles the mayor of Paris, who had trifled with and deceived the people in their demand for arms, came as a revelation to the nobility and to the king that a revolution was striking at the very foundations of the throne.

Civil war existed; emigration by the nobility commenced, for "finding all their coercive measures fail, and fearing the effects of popular resentment, they left the kingdom." They left it to conspire against France, against reform, against liberty. They left it to combine and arm as enemies against her people. Turin, in Italy, and Coblentz, in Germany, were the rallying points for the emigrant and for the enemies of the Revolution. The nobility and the clergy were the possessors of the great bulk of the wealth and money of France. And as these orders flew from their country they took with them all the gold and silver they could collect, command or procure, to organize armies to invade France and to overthrow the French people.

The finances of France, at this period, were in an alarming condition. The report of Necker upon the means of the government caused universal alarm. Loans became a necessity, but it was soon found that loans could not be negotiated. There was not $500,000 in the exchequer. Bankruptcy seemed to be inevitable. Necker, when all expedients had failed, ascended the tribune of the National Assembly and demanded to be heard. He cried out, "To-day hideous bankruptcy is threatening to consume your fortunes, your honor; and yet you deliberate."

In this crisis the starving thousands of Paris, wild with want and frantic for bread, collected like an army and took their way to Versailles to appeal to the National Assembly, and to force the King and Queen to remove to Paris. It was more than a tumult, it was a mob; but it contemplated no crime, it was organized to do no wrong. It was desperate almost with the desperation of despair; for it was composed of laborers without labor, of women and men hungry and without bread, and it believed that legislation could relieve its wants. It still had faith in the King, and thought that his presence in

Hosted by Google

Paris would soften their misfortunes and brighten the future; and it went to Versailles, if necessary, to force, the King of France to remove to the capital. Louis XVI. and the royal family, thus beseiged, accepted the situation, and were escorted by the mob to Paris. It was royalty made subject to the poor of the streets.

THE CHURCH LANDS.

The Revolution was at its full tide. Here the Nobility separated their fate and their fortunes from the King, and incapable of organizing any effort to save the monarchy at home, they flew from France to league their efforts with their sympathizers abroad to battle and overthrow the Revolution.

The Revolutionary party was without money. It must recede, or it must create the means for its support. It had not funds enough under its control to pay its expenses for a day. Credit it had none. Every ordinary and extraordinary means had been exhausted. Every source of revenue had been anticipated. Hypothecation had followed hypothecation until there was nothing to hypothecate. A heroic remedy was demanded, and it was found. The Catholic Church was gorged with riches, and its lands in the hands of its dignitaries produced an immense revenue—dangerous, as it was claimed, alike to religious liberty and to morals. By a decree of December 2d, 1789, it was declared that "all the lands of the clergy belonged to the State." It was a summary way to acquire title to these extensive domains; but the National Assembly, knowing that it was a question of life and death, bridged the chasm and assumed the power.

ASSIGNATS.

Two weeks later, on the 19th of December, the Assembly reported and passed a law for the issuing of bills of credit called ASSIGNATS, or mortgages, based upon the lands confiscated from the clergy. 400,000,000 of francs were first authorized. A corresponding amount in value of these lands was pledged for their redemption.

Hosted by Google

The church and the clergy regarded the appropriation as a sacrilegious robbery. It was property consecrated by all the hopes and fears of religion. It was taken, as the Abbé Maury declared, "as the thief would take it, saber in hand." It was taken covered with the curses of an outraged and insulted religion. Robbery was the moral of the basis, and force made credit of the robbery. But it was taken by the apostles of human liberty, to disenthrall man from the tyranny of kings and the usurped privileges of an arrogant and an unscrupulous nobility.

The Assignat purchased supplies, became current money, and saved the Revolution.

On the first of June, 1790, the government found that its funds were exhausted. Dufresne, one of its treasury officers, wrote to the Committee of Finance of the Assembly that the treasury was empty and could not pay the demands upon it for the day. A further issue of 400,000,000 francs in Assignats was at once decreed. The clergy, at this second issue, were aroused to the fact that their entire domain was to be swallowed up in the gulf of revolutionary experiments, and that not a vestige of it would remain for the charities or the support of religion.

Excited at the outrage inflicted upon their right of property, the clergy and the Church commenced that long battle of discussion, threats and organized opposition to the Revolution, which terminated in the blood of La Vendée. It declared that the whole system of the Revolution was an attack upon the Catholic Church. From this moment was formed that coalition between the emigrant nobility and the Catholic clergy, which united them "to arm the partisans of the altar and the throne;" which "combined the interests of the Church and the interests of the nobility;" which "united the fanaticism of religious zeal with the selfishness of monarchical exactions;" and laid the foundation for the long Iliad of struggles and blood, whose record of devotion and of horrors is nowhere equaled in the annals of the world.

Such was the incipient situation of affairs, so far as the Revolution was concerned in its relation to Assignats, when the first anniversary of the taking of the Bastile and the inde-

Hosted by Google

pendence of the people, was to be celebrated by a convocation of the representatives of the people from all the departments of France. The fourteenth of July was further to be signalized by the acquiescence of the king in the new form of government, whose Constitution he was solemnly to take the oath to support and to defend. This same Constitution was based upon the right of the National Assembly to appropriate the lands of the clergy, and demanded from them a like oath to support its provisions and yield acquiescence to the laws passed in conformity to its provisions.

Those of the clergy who refused to take the oath, were denied their priestly functions, deprived of support, and treated as enemies of the Revolution; but they were legion in number, strong in combination, and powerful in energy, talent and influeuce. They were thenceforth to be known as the "*Non-juring Clergy.*"

The scene of the Federation on the Champ de Mars was one of the grandest and most imposing ever presented for human hearts to admire, or for human intellects to appreciate. Half a million of people gathered from the departments of France, full of the enthusiasm of their disenthrallment; and with prayers and thanksgiving to God for the new era and the new government they were to enjoy, mingled their congratulations and their oaths of devotion to Liberty, while they consecrated their lives, their fortunes and their honor to its support.

The Federation became the starting point for foreign interference, for war, for civil strife the most tragic and the bloodiest in human annals. For it was a national notification to the world that feudal power, kingly arrogance, and aristocratic privileges, were no longer to rest in France. It was a national assertion of the rights of man, openly declared to mankind; it was a defiant declaration to the arrogance of the privileged nobility and clergy, that the slavery of the people to their exactions was at an end. It was man in politics announcing his manhood. It was one of the great steps by which the masses asserted the demands of civilization.

Thus commenced to culminate the causes, the parties, and the passions, which were to combine to overthrow the Assignat.

Hosted by Google

Maury, Cazales, d'Epreménél Necker and Talleyrand, united as the leaders in France in opposition to the Assignat. But no argument or paper, in the debates and discussions of the time, elicited the attention or commanded the influence of the public to an extent equal to that produced by a pamphlet spread broadcast through Paris and the Assembly over the signature "A Friend of the People," written by Dupont de Nemours, the effort of which was to demonstrate that the *merchandise in common use, and above all bread, would be doubled in price* by the emission of Assignats. The arguments and open opposition of these acknowledged statesmen of the period, greatly encouraged the aristocracy and the clergy; but they neither prevented the issue, nor in any *immediate* sense affected the credit, circulation, or availability of the Assignats. It is true that they drove the Revolutionists to take extreme measures in their support, for they were the sole resource upon which they had to rely for sustaining the army—the government—the Revolution. The new government with them marched onward in the full vigor of its strength. It proceeded to develop the immense resources of France. It had no mercy for the tyrannies or for the aristocracies of the past, only enjoyed by the few; but it labored with herculean power to found principles and institutions for the many and for the future. It did not stop for grumbling egotists, nor heed the cynical sophistry that the world had reached that perfection in human affairs which left no opportunity for invention, improvement, or progress. It did not admit that gold and silver were the only true representatives of value, nor submit to the idea that the world must halt in its progress, its commerce, or its civilization, and bow down as the slave to these minor products of the soil, elevated into value mainly by human labor and legislative enactments. It believed, and acted upon the belief, that human experience, under the guidance of human intellect, working to satisfy human necessities, had the ability and could command the power to increase the agencies by which our wants are supplied, our exchanges are effected, and the commerce and affairs of men are carried on. The Revolution, in its days of grandeur, and while it was achieving the disenthrallment of millions of men from hoary-headed

Hosted by Google

tyrannies, building for ages and perfecting for time, as it were, new foundations, acted upon the belief that "it is a part of the power and glory of man to achieve that which is incomplete, and to perfect that which is defective."

Under these influences the Assignat grew into credit, won public favor, and afforded that moneyed instrument for purchase and for exchange which is essential to the existence of every form of government, and to society itself.

It was but shortly after the second issue in June, that the necessities of the government demanded a third and a larger issue. The power of the opposition, the sympathizers with the king, the emigrant nobility, the clergy, the despoiled Church, and foreign governments interested in sustaining royalty, were now all combined to overthrow the government. The King, who had deliberately taken the oath to support the Constitution on the 14th of July, before the assembled representatives of the Nation, commenced to plan his escape from Revolutionary France. He arranged his plans with the enemies of the people. All France was in movement; agitation reigned in every household. War was inevitable. To prepare for it eight hundred millions of francs in Assignats were issued. MIRABEAU declared that this was not the result of choice, but a measure demanded by necessity, affording as it did to the Revolution its legitimate empire over events. The Assembly, in legalizing this issue, declared that all debts of the government should be paid in Assignats. That as fast as Assignats were paid back to the government, either for the confiscated lands appropriated to their liquidation and held as security for their payment, or for dues to the State, that they should be destroyed. That there should not be issued any greater amount than there remained of the public domain as security for their redemption. And that the amount in circulation should at no time exceed twelve hundred millions of francs. With these restrictions, this decree was passed September 29th 1790.

In the graphic language of Louis Blanc, France was seized with a sublime impatience; but it was already maddened into the wildest excesses, and was being hurled by the rapidity of

Hosted by Google

events upon a route of which it was ignorant of the end. The hurricane encircled its head and Vesuvius was under it.

ANARCHY, FAMINE, AND COUNTER-REVOLUTION waged their furious passions against the government. Speculators in grain, traders upon famine, and the coalitions formed from internal factions and external enemies, were day by day organizing into action. The non-juring clergy were vehement, active, and everywhere at work. Every altar, every vestry, every confessional, became a camp for organization. The Revolution had to make its way, and make its way it did, against all of these combining forces. And yet we can but pause and admire the serenity and grandeur of soul of many of the non-juring clergy. The faith by which religion unites the soul of the believer to Heaven is too sacred, its foundation is too deep in the mysteries of the unknown, for human eyes to see or for human judgment to condemn. The scene in the Assembly, when the clergy on the 4th of January, 1791, were called upon to take the oath demanded by the act of November 27th, 1790, was touching and sublime. The Bishop of d'Agen was first called. The hall of the Assembly, usually noisy with excitement, was quieted to profound silence. Painful anxiety appeared on every visage. The venerable man rose, and in face of the President said, "I am full of regret, gentlemen, in not feeling it possible to take the oath you demand. It is not regret for the position I am to lose, or for the fortune it will take from me, but it is for the loss of your confidence and esteem."

Le Clerc, curé de la Combe, said: "I was born a Catholic, I would die in this faith: I cannot take the oath." Beaupoil de Saint Aulaire, Bishop of Poitiers, said: "I have lived seventy years, and I am a Catholic; I have labored thirty-five years in the episcopate, where I have exerted myself to do all the good I could; and now, overcome with years and infirmities, I cannot dishonor my old age. I refuse."

Such was the spirit with which the non-juring clergy met the demand and resisted the law of November 27th, which declared vacant the seat of every bishop who should refuse obedience to its mandates, and which deprived every priest of his functions and his pay who would not yield obedience to its de-

Hosted by Google

mands. Deprived of their property and of their support, they were forced either to belie their consciences and their religion, or to place themselves in open revolt to the government and to its powers. The extent of this opposition may be estimated from the number directly interested and affected by the law. At that time there were in France 18 Archbishops, 11,800 Canons, with 14,000 benefices, 44,000 Curés, 5,000 Vicares, 17,000 Mendicant Monks, and 80,000 Religieuses. The annual revenues of the clergy were estimated at 121,000,000 francs, having six hundred and twenty-two abbeys, receiving from 1,200 to 400,000 livres of yearly rents. And the major part refused the oath. They appealed to the religious sentiment of the nation, to the altars which God had sanctified, and to the faith which heaven made sacred, to sustain them; and taking up their crosses, they and the communicants devoted to them swore eternal vengeance on their despoilers as they arrayed themselves to battle against the Revolution. In the very glow of this opposition, Louis XVI. attempted the flight he and the Royal family had long premeditated, and arranged the combinations with his kingly neighbors which resulted in the declaration of Pilnitz. It would have been well for France had he made his escape; but he was recognized at Varennes, stopped and finally led back to Paris as the fugitive head of a government he had sworn to protect, uphold and defend, and to become a martyr to the infuriated passions of a betrayed and insulted people.

This king, Louis XVI., three days after taking the oath to administer and sustain the government, wrote to the King of Prussia, and, after thanking him for the interest he had taken in his welfare, said, "I have addressed myself to the Emperor and to the Empress of Russia, to the Kings of Spain and Sweden, and have presented to them the idea of a congress of the principal powers of Europe, *supported by an armed force*, as the best means to arrest here the factions and establish an order of things more desirable. * * * I hope your majesty will approve of my ideas, and will guard in absolute secrecy the steps I am taking to make them effective."

About this time appeared BURKE'S celebrated "REFLECTIONS UPON THE FRENCH REVOLUTION." It was a book

Hosted by Google

charged with all the bitterness of his great, but lacerated soul. Never was libel more eloquent or more false. Sincere in his devotion to the principles of a monarchical form of government, as he was in his hatred of everything pertaining to progress in France, and maddened by the triumph of Hastings, and ready to believe that mankind were in league to disgrace him, the death of his son came as a final calamity to overthrow his judgment and embitter his reflections and his solitude. It was after he had quarreled with Fox and in the midst of his splenetic lunacy, that he made this attack upon the principles of civil liberty. The book was condemned by the whole liberal and thinking world; but it was translated into every European language, and sent as a revelation of statesmanship to the courts of kings. It was the spirit of feudalism revived. It was an order for the French to be marched back to the spirit and submissive slavery which had so long manacled their liberties, subverted their rights, and consumed their fortunes. Kings crowned Burke with every praise and reward his devotion to their cause had so richly merited. The book stimulated all the enemies of France to renewed activity.

Europe prepared to invade France and dictate to her her policy, her principles, her form of government, and her religion. The people thus threatened, with a devotion to principle never surpassed, and with a unanimity of heroic grandeur which made the nation breathe as one man, marched to meet the invading foe under the cry "*Le patrie est en danger*," as if but one heart swelled and one object controlled the destinies of France.

Louis XVI., though humiliated by the failure of his attempted flight, and irritated by the surveillance under which his movements were guarded, yet felt encouraged by the combinations of his kingly neighbors and his emigrant nobility; for they were rapidly forming armies to aid him to overthrow the Constitution he had sworn to support, and the Revolution to which he had plighted his kingly faith. Temporizing to gain time, and submissive to the Assembly to deceive it into confidence in his honesty of purpose, he yet refused his sanction to two bills passed by them, which were believed to be essential, one as a military measure, the other a means of control-

Hosted by Google

ling the refractory clergy. The first was to enlist an army, to be encamped near Paris for the protection of her people; and the second an act to require the clergy to take the oath to support the Constitution and laws, which would secure submission or lead to emigration. He accompanied his veto with plausible reasons, and with a submissive devotion to the Constitution which was calculated to stimulate belief in his good faith. But the rapid combination of armies on the frontiers, the defiant attitude of the refractory clergy, and the energetic and successful efforts of the nobility in and out of France, kept suspicion alive and made vigilance a necessity. It was rumored, and the rumor swelled into universal excitement, that the King was in daily communication with the enemies of France, now threatening its borders to overthrow the government. The 10th of August followed. Paris was roused into a carnival of human passions. The Tuileries were beseiged, entered and crowded with all that was terrible in a population frenzied by long suffering, and who believed that they were betrayed. Every entrance to the palace was a scene of blood and battle, where the groans of the dying and the curses of the living mingled in tragic horror. To save the King and the royal family, they were led, guarded by a force sufficient to protect them, through a secret passage to the Assembly. It was to be their last day of freedom. The belief was universal, or nearly so, that the King and Queen were traitors, and that they were conspiring to aid the enemies of France. They were imprisoned, and from thenceforth were treated as conspirators.

The news of the imprisonment of the King united the allied forces of Europe to march for the invasion of France. Ferdinand Duke of Brunswick had before this, on the 25th of July, 1792, issued a proclamation from Coblentz, in which he undertook to instruct France as to its political policy. He issued it in the arrogant belief that the combined powers of Europe, united with the emigrant nobility and the non-juring clergy, could easily quell the Revolution and reinstate the King and the nobility in all their functions, powers and privileges. He commanded Paris to submit, without delay, to the King, and to restore him to all the prerogatives of royalty. He

Hosted by Google

doomed the National Assembly and all its partisans to military execution, in the event of the slightest outrage being offered to the King or Queen, and threatened Paris with total destruction. This document had led to the outrages of the 10th of August, and to the imprisonment of the royal family. The Departments, like Paris, were burning with the impetuous fire of revolutionary zeal. They were aroused to the peril of the hour, and they set in motion every element of defense patriotism could stimulate to action. Already the nobility and clergy had illumined the whole south of France with the flames of civil war. The masses with an unrestrained impetuosity flew to the army, and all France echoed with the martial tread of men heroic in faith, devoted in action, and determined to conquer or to die.

The movement of invading armies had commenced. Sixty thousand Prussians, twenty thousand Austrians under Clairfait, and sixteen thousand under Prince Hohenlohe Kirchberg flanked by ten thousand Hessians, were penetrating the Ardennes towards Chalons, on their march to Paris. The Duke of Saxe Teschen occupied the Netherlands and threatened their fortresses; while the Prince of Condé, with an army amassed by the emigrants, was on his way to Phillipsbourg.

The Centre Department of France, covering that part of it immediately threatened, was defended by 20,000 soldiers under Kellerman, and by 23,000 lately commanded by Lafayette, now a prisoner of Austria. If the invaders were not resisted and defeated, Paris was open to them, and the government of the Revolution would have been practically without organized defence. The King of Prussia, flattered by the idea of an easy conquest, looked upon the invasion as a mere military parade, in which his armies would march to the conquest of Paris as a gala day amusement. The Duke of Brunswick, more cautious, thought it wise to take measures to secure a base of operations on the Moselle, by laying siege to Metz and Thionville. On the 22d of August, Longwy opened its gates to the Prussians, who proceeded to blockade Thionville and to make their way towards Verdun.

IN THIS CRISIS of affairs a council of war was called by the General in command of the forces of the French. De-

Hosted by Google

mouriez conceived and proposed the plan of defence adopted. He was then at Sedan. The Prussians were at Stenay. To pass from that point into the heart of France, the forest of Argonne had to be crossed. This forest was impenetrable for an army, except by some of its established roads. The French General, with the map before him, at once concluded that if he could reach the passes before the Prussians, he could save France from an invasion beyond its borders. Rising from his seat, he cried out to his associates in command, "There, is for us the Thermopylæ of France. We must reach it before the Prussians." And reach the passes they did, in time to intercept the invaders. But there were five great roads through the forest. The two most important were known as Grand Pré and Isletts. To reach these required rapidity of movement, and the daring of that courage which sees no obstacle when success saves and failure ruins. Having reached the point for resistance in time, and placed the French forces in the most formidable position for action, they established their depots for supplies, for rendezvous, and for recruits; and issued orders for such reinforcements and for such co-operation on the part of the army as would make available every resource at their command. Thus stationed, the allies could not reach the open plains which stretch out to Chalons, until they defeated the French. On the 11th of September the allies made their first assault—they were repulsed. On the 13th they made a second attack and carried a strong position; and with a force of 40,000 Prussians in front and the Austrians in the rear, came near overpowering Demouriez, but he successfully resisted the onslaught. On the 16th he decamped from Grand Pré, ascended the Ainse, and took position at St. Menehould, leaving the road to Paris open to the allies. They did not however avail themselves of it, but on the 20th advanced on the French position, when an action between Kellerman's corps and the Prussians took place at Valmy. The losses on each side were large, but nearly equal. No advantage was gained to either. The Duke of Brunswick then, as he hoped to overthrow the French, made a charge with his full reserve force. It was met and so successfully resisted that the Duke withdrew his forces. Finding the season far advanced, his army already badly crippled

Hosted by Google

he made overtures to the Assembly for negotiation. The French would listen to no proposition while the enemy was on their territory, and he had no alternative but to withdraw the Prussian army from France—and he withdrew. This failure of the allied armies under the Duke of Brunswick, with the continued successes of the French armies, culminating in the victory at Jemmapes, and ending in the submission of the Netherlands, the possession of Brussels, and the declaration of a Republic by Belgium, was enough to secure the confidence of the French people in their resources, their invincibility, and the triumph of Republican principles.

Events crowded upon each other. The estates of the emigrant nobility, confiscated like those of the clergy, were at once appropriated to strengthen the credit and the resources of the Republic.

The Legislative Assembly, which succeeded the National Assembly, had commenced its sitting October 1, 1791. Not one of the members of the National Assembly had a seat in the Legislative Assembly. It was composed of the middle class, was without legislative experience, and was elected just at the critical period in the misfortunes of Louis the Sixteenth, when he had attempted his flight and failed, and when all France was stimulated to action by the combinations of the emigrant nobility and their foreign sympathizers. It was a time when every man who was not known to be devoted to republican principles, was regarded as an enemy of the Revolution. The Assembly was divided into distinctly-marked parties. The Feuillants professed to be satisfied with the Revolutionary changes, but adhered to the restraining authority of the throne. Lafayette, though not in the Assembly, was the leading spirit of the party. Dumas, Vaublanc, Barnave and the Lameths were its leaders. The opposite of this party were the Girondists, lead by Vergniaud, Condorcet, Gensonné, Gaudet and Brissot. They represented more extreme and positive Republican principles. Beyond the Girondists came the impracticables, the extremists, who represented the rabble, and could not wait for the gradual development and working of the Revolution into a symmetrical Republic. Danton, Marat and Fabre d' Eglatine, were its leaders. The

Hosted by Google

Legislative Assembly philosophized more than it legislated. It discussed the impracticable, in attempting to legislate Louis the Eighteenth out of his throne if he did not return to France and yield obedience to its laws. It held long debates to declare the emigrants suspected of conspiring against France, when it was well known that they were organizing armies to invade it. It devised means to irritate the non-juring clergy, by endless discussions upon the penalties it would impose upon them. It brought its authority in open antagonism to the king, by demanding his approval of laws it knew he would veto. It intensified hatreds between the Feuillants and the Girondists, and the Mountain. It fostered into power, by its subserviency to demagogues, the influence of the clubs; so that the club of the Jacobins and that of the Cordeliers prescribed its laws, created its opinions and dictated its policy. It made hatreds immortal; legislative action, but ambitious revenges; and it laid deep the foundations and the supports of the guillotine, without having contributed in any essential particular one step towards the pacification of sections, of parties, and of principles, so essential, after all great political struggles, to the formation of that kind of compromise which secures unity of purpose, and that possibility of peaceful agreement without which success is impossible.

It was in the midst of the debates between these antagonisms of internal France, that the Austrian Minister Kaunitz despatched an ultimatum to France demanding that the French monarchy should be fully restored; that Alsace and Lorraine should be given up to their dispossessed princes; *and that the church of France should be replaced in the enjoyment of the whole of its confiscated property.* The Girondists, by the aid of the king, had acquired the government of Paris, through the election of Pétion as Mayor, thus giving to their support all of the appliances of the civic government of the capital. This defeat of the Feuillants and of the partisans of Lafayette was the prelude to that declaration of war which made all Europe a battle-field, and France the defiant enemy of all aristocracies. Eighty thousand foreigners were on the immediate borders of France threatening to invade it. They attempted the invasion, with the results I have already detailed.

Hosted by Google

Such was the condition of affairs in France when the Legislative Assembly in its expiring moments listened to the maddened declaration of Danton, that "in order to save the country it was necessary to strike the Royalists with terror." The Committee of Surveillance on this, passed the resolution whose atrocious results were the domiciliary visits and the arrest, on the 30th of August, of 3,000 suspected, followed by the butcheries of the 2d of September. Human history is without a parallel of like atrocity, unless its St. Bartholomew be the type.

The National Convention succeeded the Legislative Assembly. It met for the first time September 21st, 1792. The Girondists and the Montagne were the dominant parties in its control. It was to be one long battle between conservative prudence and headlong perversity in internal affairs. The necessities of war alone united conflicting interests. War was declared against England, Holland, Spain, Russia and Austria. Demouriez, unwilling to submit to the dictation of the Revolutionary leaders, left the army, and formed a treaty with the Austrian generals to overthrow the Republic. La Vendée was in arms, and inspired by religious fanaticism, performed prodigies of valor for the Church and for Royalty. Lyons, in the very heart of France, was in open revolt. Toulon declared itself opposed to the Revolutionists, and called to itself an English fleet, while it garrisoned the town with British soldiers. Allied armies formed a cordon of enemies which surrounded France; while civil war, religious war, and the madness of contending factions made internal France an endless scene of blood and strife.

The Trial and Condemnation of the King.

On the 7th of November, 1792, the Report of the Committee of the Convention recommended that the King should be tried at the Bar of the Convention itself, and that his fate should be determined by the votes of the whole party, taken separately. The report was adopted; the Girondists favoring it, believing that his condemnation would result in exile or imprisonment. On the 11th of December he was tried on the

Hosted by Google

charge that "he had attempted to establish his tyranny by destroying the liberties of the French people." On the 14th of January, 1793, the questions arising on the trial were reduced to three, and the Convention proceeded to vote upon them: 1st. Is Louis Capet guilty of having conspired against the liberty of the nation and the general safety of the State? 2d. Shall the sentence be submitted to the sanction and ratification of the people? 3d. What shall be the penalty inflicted? The first was decided in the affirmative. On the 2d 280 were in favor of an appeal to the people, and 425 against it. The third vote was taken on the 16th. 334 voted for imprisonment, banishment, or death with respite; while 387 voted for death without any condition. January 21, 1793, he was beheaded.

ROBESPIERRE.

The Convention created its Revolutionary Tribunal and its Committee of Public Safety. Robespierre ascended into leadership. Pushed on by the dangers, by the passions and the ambitions of the time, he controlled the floating opinions of the hour by an honest devotion to human rights and the progress and welfare of mankind; while at the same time he gave himself up to political exterminations, as if he was sailing in a sea of human blood, where every wave was a human passion worked into a hurricane of resistless outrage, crime and madness. The Girondists were accused, tried and beheaded. One faction after another took their way to the guillotine, till the saturnalia of blood culminated in the overthrow of the leader in the Reign of Terror—Robespierre was insulted, dragged from the Convention, rescued, retaken and murdered.

Up to this time the Assignats had furnished the entire means for the support of the Revolutionary government. The amount in circulation, January 1, 1794, was 5,536,000,000 francs, or $1,107,000,000. The value of the lands of the clergy and those of the emigrant nobility, held by the government as a security for this sum, was 15,000,000,000 francs, or $3,000,000,000.

Hosted by Google

I have thus, with as much minuteness as the limits of this paper will permit, set forth the situation of affairs, and the spirit of parties in France, from the first issue of Assignats to January 1, 1794; and have, in so doing, reached the period when the Revolution culminated in its power, and when the Assignat, its bantling and its support, was trembling beneath the burthens under which the Revolution, in the madness of its success, was trying to sustain itself. But the force of revolutionary power, fully in motion, was beyond the control of its leaders. Its military prodigies astonished the world: for while the internal dissensions, which had disgraced Liberty and nearly annihilated the last vestige of reason, still prevailed, the Republic had thirteen armies in the field, comprising more than a million of men, over 700,000 of whom were under arms. France appeared to its enemies as an immense host of warriors, whose never-faltering enthusiasm ignored the impossible, and exalted its soldiers into that delirium of courage which recognized no barriers, and dreamed no dream but of victory. Pitt was too determined an enemy to yield to any force. He saw the coalition of allied armies day by day falling off; but arousing anew old national animosities, subsidizing the strong, threatening the weak, and dictating to Germany his demands, he succeeded in re-animating for a brief time the enthusiasm and life of the coalition. The death of Robespierre gave him new encouragment; it awakened every element of opposition to the Revolution. It made the timid bold, and gave strength to the weak. From its date, July 26th, 1794, reaction commenced. Power passed into new hands. The dogmatism of the over-wise, in whom grumbling inactivity and sour inefficiency made complaint constant, brought out a new line of statesmen. Conservatism re-asserted itself. The good in the old order of things came again into daily life, but with it came that ugliest, most damnable of human passions, the spirit of revenge.

Les Jeunesse Doree were its first exponents. They were the representatives of that idle worthlessness of the ancient regime which wealth and luxury always create. Ready for any crime, bold for any outrage, and valiant in cursing the

Hosted by Google

promoters of the Revolution, they were impatient for the blood of Republicans. In the words of Merlin de Theonville, they asked, Why do you demand the precautions of a trial? Do we not know our enemies? Are they not daily in our pathway? And they demanded to know if Brutus stopped for such forms before assassinating Cæsar.

Reaction, counter-revolution, and that longing for repose which excites activity, which years of Revolutionary excesses had stimulated, brought into notice all the elements the royalists had relied upon to overwhelm the Revolution; and now that the mad excesses of long success had terminated in the downfall of Robespierre, its genius and its leader, the idea was everywhere propagated into belief that the nobility would again dominate over France, that the clergy would once more resume their functions, regain their lands and restore the Church to authority and power.

MEANS ADOPTED TO DESTROY THE VALUE OF THE ASSIGNAT.

In no single way had the power of the nobility and the energy of the non-juring clergy availed to battle the Revolution, as in the means adopted by them to kill the credit and destroy the value of the Assignat. Let us see what means they did adopt:

FIRST: The clergy denounced to eternal pains every communicant of the Church who sustained the spoliation of the Church.

SECOND: The nobility and clergy united in denouncing the Assignat as based upon theft, sacrilegious robbery, and impious outrage upon the charities of the Church.

THIRD: They united in declaring that their lands had been appropriated by the Revolution without any of the forms of law, and that they were taken in such flagrant outrage of all recognized codes of property that the civilized world held that the titles still remained in the clergy and in the nobility. So that the Assignats were utterly without basis to secure their redemption.

FOURTH: That they pledged their lives, their religion and

Hosted by Google

their honor never to cease agitation, and war on the Assignat, its credit, and the robbery on which it was based.

But finding that THE REVOLUTION WAS STRONGER THAN THE CLERGY, stronger than the nobility; that internal France was conquering the enemies of liberty everywhere; that nation after nation was yielding to its power; that its armies were victorious and its principles as developed by the Constitution and laws were such as reason and humanity approved; the CLERGY *and the* NOBILITY set criminal law, honor and every principle of honesty at defiance and ORGANIZED FORGERY AS A BUSINESS, AND MADE THE PASSING OF COUNTERFEIT ASSIGNATS THEIR OCCUPATION—thus attempting by crime, by stealth and by felonious and secret infamy, to undermine the credit of the Assignat, deprive France of its resources, and overthrow the Revolution.

Let us follow the now clear history of the effort: let us see how the felon could do what allied Europe failed to accomplish, and in it read the prominent cause of the downfall of Paper Credit in France. This outrage of Bourbon invention and of priestly intrigue did not commence until the Revolution had won its way to power, and the Assignat to credit. It is true that adventurers in Belgium and priestly knaves in Switzerland commenced the business of forging the Assignat as early as October, 1792. But in the eager earnestness of war, and the feverish excitement of revolutionary changes, the fact was not only unknown but unanticipated. Its success was all the more assured, by the ease and facility with which these forged Assignats slid into circulation and became a nutriment and an incentive which soon developed the felony into gigantic proportions. It was found that Belgium was too open and too much in sympathy with revolutionary dogmas; and that Switzerland was too confined in its resources and communications for the extended operations essential to success in the vast designs of the nobility and the clergy. It is true that the business was kept up and increased there, but the great establishments for the systematized fraud found more scope and greater opportunities for uninterrupted work in London. There, in that sea of human grandeur and of human crimes England lent its aid, while its cabinet became the concealed

Hosted by Google

agent for the propagation of the felony and the circulation of the nefarious outrage.

SEVENTEEN MANUFACTURING ESTABLISHMENTS were in full operation in London, with a force of four hundred men devoted to the production of false and forged Assignats.[1] The success and the extent of the labor may be judged by the quantity and value they represented. In the month of May, 1795, it was found that there were in circulation from 12,000,000,000, to 15,000,000,000 francs of forged Assignats, which were so exact in form, appearance, texture, and design, as to defy detection, except by the most minute examination and exact knowledge of the secret signs by which the initiated were taught to distinguish them.

The Assignats in circulation at this time, May, 1795, issued by the Revolutionary government, were 7,860,000,000 francs, and not, as Mr. White has stated, 45,000,000,000.[2] The value of the lands dedicated by the Revolutionary authorities as the basis for their redemption, as established by the assessment tables of 1790, was 15,000,000,000, or nearly two dollars for one of the issue, though the issue at one time had reached the sum of 11,855,831,625 francs. It is therefore incontestable that the security was ample in value, if the title to the lands had been unquestioned, to have covered the entire issue, provided the Revolutionary authorities had continued in power.

With these facts, showing how the Assignats came to be issued, the circumstances under which they were put in circulation, and the security on which they were based—with the character and kind of title the Revolutionary government had

---

[1] In the case of Strongi'th'arm *vs.* Lukyn. Lord Kenyon, sitting in the Court of the King's Bench, in London, decided that the Plaintiff was entitled to recover the amount of a note which had been given in payment for the engraving of copper plates from which French Assignats were to be forged. Among the grounds for this decision were that "It was not in evidence that the Plaintiff was a party to any fraud, or that it was ever communicated to him that the Assignats were to be used for any improper purpose; on the contrary, he supposed that they were circulated by the *higher powers of this country*, and therefore did not question the propriety or *legality of the measure*." Accordingly the jury found a verdict for the plaintiff. See Cobbett's *Paper against Gold*, Letter XXIV., May 17, 1811. In the PUISAYE PAPERS, Vol. CI., British Museum, is a letter relative to the fabrication of false Assignats, in which the daughter of Saint Morys prays the Marquis Dumesnil to obtain an order from *M. Windham* one of the Ministry, for 40 pounds of ink, to be used in the printing. This letter, in connexion with numerous facts set forth in the Puisaye Papers, shows that the government not only recognized the fact, but aided in the production of false Assignats. See also LOUIS BLANC, *Histoire de la Révolution*, Vol. xii., 110.

[2] See Appendix, p. 68.

Hosted by Google

to the lands devoted to their redemption, together with a review of the political condition of France at the period of the overthrow of Robespierre and the rise of the party known as Thermidorians—I come now to the culmination of the causes which united and set themselves in motion to depreciate and utterly annihilate the Assignat, as a medium of exchange or as a representative of value.

THE CULMINATING CAUSES OF THE OVERTHROW OF THE ASSIGNAT were—

First: The ease and extent of their forgery. I have shown that there were about two dollars of forged Assignats in circulation to one of the genuine; that the forged were of such exact similitude to the original that they could only be distinguished by an expert, who had been made acquainted with the secret by which they could be designated. The extent of the circulation of forged Assignats may easily be explained. The French princes, nobility and clergy, proscribed by the Revolution, were everywhere active in their circulation. The Catholic religion was the dominant religion of France, and there was not a parish in the whole extent of its territory that did not feel the outrage committed on the Church by the confiscation of its lands, and there was hardly a Catholic in France who was not made the instrument, either directly or indirectly, to aid in the circulation of forged Assignats. Those who knew that they were circulating the forged Assignats, varnished the crime by the fact that the lands upon which they were based *were their lands* which had been taken from them by the public robber, who, saber in hand and with pistol at the head, had commanded obedience or death. They claimed the right, like any other proprietor whose property had been stolen, to reclaim it and appropriate it whenever and in whatever form they could find it. They were fighting to regain their homes, their altars, their country; and they assumed that by the laws of war, which had subjugated their property and their rights, they might resort to any means to weaken their enemies and strengthen themselves. Under this theory, the business of forging and circulating Assignats to the extent I have described was carried on under Count d' Artois (brother of Louis XVI. and afterwards Charles

Hosted by Google

the Tenth). The details of the work were supervised by Count Puisaye, while the venerable Bishop Dol selected the instruments for their general circulation, and with M. de Saint Morys, gave directions to a hoard of ecclesiastics, yet recognized as French citizens, to accelerate their rapid circulation in France. Thus was forgery organized under English sanction, and reduced to a governmental system, upon a scale without limit and with a success without a parallel, to overthrow the value of the Assignat, and to take away the resources of the Revolution.

This organized forgery of Assignats commenced from the third issue of 800,000,000 francs voted by the National Assembly in June, 1790. The work increased in almost an exact ratio with the increase of the emigrant and allied enemies of the revolution. But the fact that false Assignats were being issued, or that they were in circulation, was denied and vehemently scouted at by the Revolutionary leaders, as well as by the emigrant authorities and clergy. The fact was daily heralded at the stock board, but it was regarded as a stock jobbing lie on the one hand, and as a slander on the other. It was too soon to have the fact known for the interest of the emigrant nobility and clergy, and it would ruin the credit of the Assignat if it were true and the public believed it. So public opinion killed the fact as a publie lie.

The second prominent cause which contributed to a final catastrophe WAS STOCK JOBBING. What is stock jobbing? The polite definition of the term is "speculating in public funds for gain." The true definition is, public gambling. It is easy to see the object of depreciating Assignats by speculators. An Assignat of 10,000 francs would pay for just as much land, if it were sold at the stock board for ten cents on the dollar, as if it were sold at par. I mean, of course, those lands consficated from the clergy and from the nobility, on which the Assignat was based, and which the holder of the Assignat could demand at a fixed valuation in exchange for them. The lower the Assignat at the stock board, the cheaper became the land. Down with the Assignat, cried the gambler! Let us see how they went.

The ferment in public opinion, which had grown into sup-

Hosted by Google

pressed but active opposition to Robespierre, when he had to all appearances triumphed over his enemies, and almost over himself, in dedicating France to God and to peace—as he descended from the tribune after having pronounced the glory of the achievements of the Revolution at the fete decreed and celebrated to the Supreme Being, May 2, 1794—showed itself in terms which left no room for doubt that his days of triumph must be days of battle. Every element of opposition to his dictation united to oppose him, to thwart him. The Girondists, the Dantonians, the Desmoulinists, the Herbertists, the clergy and the nobility, combined to defeat him. But to defeat him was to defeat the Revolution. The work was well in hand of that conservative element which the Revolution had forced into quiet. The stock board became one of the most efficient instruments in the political duel. There every appliance was brought to bear to depreciate the Assignat, which human cupidity, revenge, hope and ambition could invent. Down and down went the Assignat. It was the sole means by which the Government existed. As they weakened, the Government weakened. Every power legislative and restrictive enactments could devise was resorted to to support them ; but the hour for reaction, for attack and for daring, was beginning to dawn upon the hopes and the passions of the enemies of the Revolution. The stock board became the public pulse, where opinion counted up the throbbings of its daily passions ; what was said there every ear could hear and every voice could repeat. What it hinted or said, was hinted or said with a kind of impersonality which threw around it the glamour of fate. Everybody began to predict the speedy overthrow of the Revolution. The stock board adopted the prediction. The clergy with Jesuitical cunning, and the nobility with the arrogance of the olden time, openly proclaimed that the lands of the clergy and of the emigrants would be restored to them. On the top of this they felt that the time had come to reveal the fact that France was flooded with false Assignats, that not one-half of the Assignats in circulation were genuine. With these elements at work to depreciate the Assignat, it can well be imagined what madness and desperation found expression among the gamblers in public credit. It was government measured by credit, and

Hosted by Google

credit hanging by the desperate chance of bankruptcy, with forgery crying from the house tops, Beware! The masses of the people began to falter in their faith; and suspicion or doubt once started, once under headway against paper credit, or any other system of credit, is like an avalanche. You must control it at once, or you are buried beneath its waves.

THE GRAND VICTORIES and the stupendous successes of the Revolution had thus far, and up to July, 1794, given support to Revolutionary excesses, furnished confidence, won support, and conquered Europe into a subjugated belief in the irresistible power of Robespierre—and as we briefly notice the overthrow of the man, we shall find a THIRD cause for the speedy depreciation of the Assignat, and another added to the long list of expiations, to the crimes of the Revolution.

The day at length arrived. Its tragic scenes have been too often narrated to need recital. Robespierre, the terror and the hope, the wonder and the despair of the Revolution, was mercilessly dragged from his seat of power and hurled with demoniac fury from the zenith of popular favor to the bottom of the gulf of public hatred. As he fell the Thermodians, or reactionists, organized themselves into power. They represented the nobility-aristocracy, and were led by such men as Boisey d'Anglais, Seyes, Cambaceres, Chenier, among the conservatives; and Tallien, Legendre, Barras and Bourdon de l'Oise as democrats. Counter-revolution became the order of the day, but there was mixed with it that kind of popular devotion to revolutionary principles which was still essential to popular favor.

THE THERMODIANS favored, if they did not originate, the order known as LA JEUNESSE DOREE, who, from the day of their organization, commenced an attack upon the Jacobin Club, a club which signalized itself as the head, heart, and brains of the Revolution; a club which for four years had been recognized as the main-spring of constitutional and legislative action. They not only fought the Jacobins, but every social and political element they had favored, or supported. In fact, they were organized nobility in disguise, preparing the way for a positive counter-revolution. Events rapidly developed public opinion. On the 8th of December, 1794, Cambaceres

Hosted by Google

proposed a general amnesty. The Convention revoked the decree which expelled the nobles and priests from France. One by one it nullified the laws which proscribed them, especially those which confiscated the property of the Girondets; those which prohibited worship in the churches by the non-juring clergy; and by a general act, it restored the confiscated lands to the families of all persons condemned by the Revolution, so far as such lands had not passed into the hands of purchasers, in compliance with the decrees upon which Assignats had been issued. This act was followed by an appeal to the public by the Abbé Morellet, entitled "LE CRI DES FAMILES." And Legendre pronounced an eloquent appeal in the Convention in favor of restitution. Thus, from the death of Robespierre, each day had seen depreciation follow depreciation of the Assignats, until the vortex of their utter ruin was plain before the people.

A terrible effort was made to stay this tide of reaction, by the yet powerful Jacobin leaders, Collot d'Herbois, Barere, Billaud—Varennes, and Vadier. Tallien proposed their impeachment. This excited the most violent tumult by the people. Disorder again ripened into revolt; everything announced a crisis. The Jacobins, finding support with the masses, were recovering their audacity. The populace of the faubourgs rushed to the Assembly with the old cry of "*bread*," "*bread*," "*bread*," and surrounded it. Crowds with pikes in hand forced their way into the Assembly. The Jeunesse Dorée, awake to the revolt, flew to its relief, drove the insurgents from the Assembly and dispersed them. The leading Jacobins were transported to Cayenne, and the Club was suppressed. One by one, as the land-marks of the Revolutionary leaders passed away, the Thermodians believed that their way to power was open and secured to them. Supported by the Jeunesse Dorée they characterized their advent to leadership with cruel infamy and organized outrages. They organized anew a reign of terror and a reign of blood. Famine and want were everywhere making their appeals. THE MAXIMUM, that terrible barrier which the revolution had interposed in 1793 between the vendor and the purchaser, to regulate the price of articles of merchandise and of necessities, *to be paid*

Hosted by Google

for in Assignats by the purchaser, was repealed December 23, 1794. This repeal laid bare the fate of the Assignat, and yet the Assignat was the only financial resource of the fast-disappearing revolutionary parties; but it went on depreciating and falling in value until it approached so near to worthlessness that a beggar in the streets would hardly deign to accept one.

THE FINAL CAUSE of the overthrow of the Assignat may easily be traced to the success of the armies of the Revolution. The force of the allies was broken: yielding to defeat with a superstitious fright, the coalition failed, and France began to find itself master of its enemies and of their territory, so that it was no longer obliged to rely solely and alone upon the Assignat for its resources. It was the prodigies performed by the armies of the Revolution which kept its moral forces alive. Paris, always in a ferment, resounded with the cry of hunger and the demand for labor; but the glory of French arms was too much for the rebellion of the stomach. The hour was fast approaching when military influence and military power were to regulate the finances and control the political influences of the Revolution.

The months of March, April and May, 1795, were months in which the still powerful factions of the different political parties arrayed themselves in open revolt to the reactionary movements of the Thermidorians. On the 20th of May, the Assembly was again besieged, insulted and attacked. Vernier was torn by the mob from the chair. Boissy d' Anglais immediately occupied it, and with heroic courage attempted to maintain order. Feraud, who interposed his body to shield the President, was dragged into the lobby, beheaded, and his head, placed on a pike, was paraded as a trophy through the hall. The Deputies fled. The insurgents took possession, and assumed legislative powers. They passed a series of resolutions, declaring their intention to restore the Jacobin Club and demand a Democratic Constitution. They proceeded to form a provisional government, named a commander of the army, and were in the full enthusiasm of a new revolution. But as night came on their prospects were changed. They were surrounded, attacked, defeated and dispersed. The victors

Hosted by Google

were again La Jeunesse Dorée, and the victory the triumph of the enemies of the Revolution.

The emigrants and the clergy returned to France in great numbers. They were unanimous in favor of the restoration of a limited monarchy, and were almost as arrogant and dictatorial as the nobility which returned with Louis the Eighteenth to create anew causes for revolution and hatred of the Bourbons, in 1814. It is true they were less pronounced, but they were arrogant in their opinions and in their denunciation of the four years of blood, crowned as they were with prodigies of human valor, and some of the noblest monuments of human history Liberty had ever achieved. They were welcomed because the excesses of Liberty and of Revolution had taught France "that the despotism of the people is as insupportable as the tyranny of kings."

Step by step the aristocracy walked into daylight, showing its proud defiance and its old assumptions of superiority. Under the protection of the Thermodians and La Jeunesse Dorée, they asserted power and demanded revenge. The assassin would take the place of the guillotine. No man who had been active as a supporter of the Jacobins, or who favored a really republican form of government, was safe. Arms were taken from the people by a decree of the Convention. The emigrant, the non-juring priest and La Jeunesse Dorée controlled these arms through the Thermidorians, and they were used with a ferocious blood-thirstiness which no pen can describe. The Nobility were too noble: they over-did their work. The public mind was ripe for the reaction of repose and of conservative justice, for forgiving and forgetting; for restoring to the emigrants their rights, to the clergy their altars; but it was not ready to revive the bloody scenes of the reign of terror. From the weakness of the Thermodians and the exhaustion of the public, the monarchists found little resistance to their return to France, to their restoration as citizens, and to that general amnesty which must exist before peace could be restored. But the Bourbon could learn nothing and dream of nothing but the restoration of Bourbonism. Cruelty and perfidy were the first among the reviving signs of royalty.

During this period of reaction the Assignat fell in value,

Hosted by Google

just as the prospects of the clergy and nobility rose into prominence and popular belief in their restoration to their estates; but they were issued with a reckless disregard of the obligations they created before unheard of. From the death of Robespierre in July, 1794, to October 13th, 1795, more than 5,000,000,000 were issued. The Convention was finally driven by public opinion to complete its work, and accordingly it presented a new Constitution and submitted it to the people. The result was declared September 23, 1795.

THE CONSTITUTION provided for a council of five hundred, and a Council des Anciens (a Senate) of two hundred and fifty. The executive power was delegated to a DIRECTORY of five persons, to be named by the Council des Anciens, to be perpetually renewed by the election of one member each year to take the place of a retiring member. The Constitution contained no general declaration of rights; it demanded a property qualification for voters. In some respects it was in open revolt to many of the grandest ideas which gave soul and character to the Revolution; but it did not meet the wishes of the royalists, and they combined their forces to overthrow it. The Convention gave the command of its armed forces to Barras, after Menou had shown his inefficency. He called to his aid NAPOLEON BUONAPARTE, who had so recently electrified the people by the the part he had played in the glorious victory at Toulon It was time for it to prepare to defend itself—it had not yielded to the commands of the Nobility. The Sections, under the inspirations of La Jeunesse Dorée, were a constant threat to the Convention, and issued arms to *the patriots of* '89. The work from this moment became prompt and decisive. The Revolution, no less than the Royalists, had found a master. The Royalists sounded the alarm "To arms;"—"To arms against the Terrorists," was the cry of the band who had signalized every step from the camp of the allied enemies of France to Paris with assassination and blood. The reactionary forces were greatly superior to those of the Convention. The National Guard, 20,000 strong, were with the Royalists. They were made up of the bourgeois class, who were always ready to support royalty, or anything else which promised profit and ease. The Convention had but 3,500 of the army,

Hosted by Google

and 1,500 patriots of '89, for its defenders. Its cannon were on the plains of Sablon. But Napoleon was in command. Quick to map out his plan of action, and prompt to set in motion every power to combine his forces and stimulate them to duty, he was ready for any emergency. His first order was to Murat, telling him that the artillery was on the plains of Sablon, and must be at Paris at soon as human activity could transport it there. The order was received and obeyed—so that when the hour of action approached it was ready to command the principal streets where the royalists would collect. Danican was in command of the army of the Sections. Napoleon arranged his forces upon those streets and places only where attack was expected. Danican occupied the church of St. Roch, and made himself master of all the windows of the Rue Dauphin. The battle commenced in bloody earnest. Napoleon managed the artillery with the scientific power he so well understood, and its work was prompt, terrible and decisive. The murderous grape-shot swept destruction through the ranks of the National Guard in the Rue St. Honoré, and left tenantless the church of St. Roch. Danican deserted his command almost at the first shot. Pont Neuf was carried, and the Royalists were driven from their position, and a new column of 10,000 advanced upon the opposite quay to attack Pont Royal. Napoleon allowed them to advance within twenty yards of his batteries before opening fire upon them. The storm of death then showered upon them with terrific effect. The column stood up manfully against three discharges, but death came too certain and too fast for human hearts or human courage to resist, and they were driven back in disorder and retreat. They were conquered. This last battle of the Royalists commenced at four in the afternoon; at seven it was ended. At nine o'clock the insurgent Sections were disbanded, and Napoleon Buonaparte started anew upon that career of command the world so well remembers and so thoroughly comprehends. With this battle the Revolution ended. With it the Assignat practically ceased to be the medium of exchange or of purchase.

I have thus traced the general course of events in the Revolutionary history of 1789, connected with the origin,

Hosted by Google

progress and development of French Assignats or mortgages of credit, issued as paper money by the Revolutionary government, from the confiscation of the lands of the clergy, December 2, 1789, to the 13th of September, 1795, when Napoleon entered upon his career as a power in France, and when the Assignats fell into utter worthlessness. The causes of their failure may be summed up as—

First. Want of title to the land dedicated as security for the redemption of the Assignat; it having been confiscated from the clergy and nobility, without any forms of law, by a government purely revolutionary, and before that government had acquired any single element of that stability and permanence essential to sovereignty.

Second. The fact that the Church, which was largely France, denounced the title as robbery and the Assignat as but the representative of Revolutionary plunder; while it anathematized its authors and all who should accept the fruit of the outrage as public thieves, who were despoiling religion to live on its fruits.

Third. The fact that the nobility and the clergy were a unit in organizing civil, religious and military power to put down and overthrow the self-constituted power which, under the name of a Revolutionary government, had robbed them of their lands to obtain means to establish a fictitious credit.

Fourth. That stock-jobbing scoundrels united with the allied armies to rob the Assignat of any value the force of the Revolutionary government might secure for it, by continually depreciating its value, so as to enable speculating knaves to acquire the lands set apart for its redemption at a fraction of its value.

Fifth. The uncontradicted fact, that false and forged Assignats, so exact in their resemblance that the true issue could not be distinguished from the forged, had been forced into circulation, so that the amount of the forged was nearly or quite double that of the genuine.

Sixth. The fact of the Thermidorian reaction. After the death of Robespierre, which rendered a return to a monarchical form of government probable, with a return of all the confiscated lands to the clergy and to the nobility, followed by the

Hosted by Google

legislation of the Constituent Assembly, which restored the lands, not already paid for by Assignats, to the owners from whom they had been confiscated. And

Finally. The overthrow of the Revolutionary, as well as the monarchical party, by that military audacity which Barras inaugurated and Napoleon made to be the sole governing power of France.

These details of history answer and show the exact facts as to Paper Money Inflation in France. They demonstrate

"HOW IT CAME," "WHAT IT BROUGHT," AND "HOW IT ENDED."

It remains for me to point out the utter dissimilarity between the condition and resources of the United States in issuing greenbacks on the whole resources, credit and integrity of the government, and the condition and resources of the Revolutionary government of France, in order to demonstrate the utter worthlessness of Mr. White's argument.

Mr. White commences his paper with the assumption that the Assignat was issued at a time when France was enjoying a normal state of affairs, and that it resorted to this system of paper credit to relieve the government from its financial difficulties. This assumption is wholly without support. It is worse—it is a deliberate misstatement of facts. No movement towards paper money was made till after the Bastile was taken; till after the King was led captive by the people to Paris as their prisoner; till after the nobility had separated their political fate from that of the King; till after emigration commenced; till after the whole power of the government had been transferred from the King and Nobility to the National Assembly; nor until after that body had cast the past, with all its abuses, its debts and its tyrannies, behind it, and erected itself into a Revolutionary Government. Then starting anew, without resources, but free from debt and the past, it began to look for the means of support.

Hosted by Google

DOES ROBBERY CREATE TITLE?

At this point, Mr. White finds the government suddenly "*endowed with the vast real property of the Church*," which as he assumes, "*by one sweeping stroke became the property of the Nation.*"

The Revolutionary powers, without a pretense of right, *ursurped authority and confiscated the lands of the clergy*—lands which the Church, for more than twelve hundred years, had been acquiring by gift, by purchase, by donations from the charities of religion, and by the pious offerings of the good, to form an endowment for the hospitals and homes for the aged and the infirm. *The Revolution seized them--robbed the Church of them*, and endowed men with them who discarded all ideas of religion, of churches, and of God, to devote themselves to a common courtesan and inaugurate her in the consecrated temple of NOTRE DAME, as the Goddess of Reason.

The Revolution was without money, without means, without credit; and it had to recede and give up its conquests and the liberty it had achieved for the people, or it had to have money. It took a short road to obtain it. It robbed the Church of its lands,and thus "endowed" France, as Mr. White says, with the "property." This property was the foundation of its paper credit, the sole basis of the Assignat. The leaders in the National Assembly did not stop to listen to the curses of the Church and of the clergy; they did not pause to study the muniments of their title—or to parley with men who respected the laws of property—they simply said, We are the only political or governmental power in France; we have the right of might and we will execute it. They acted, it is true, in face of that dire necessity which said, You must furnish money to support the Revolution, or you must give up the Revolution. They were pledged before Heaven and to France never to give up the battle till Constitutional Liberty and Civil Equality were established. They robbed the Church of its lands to make a basis of property and of value for the Assignat. This was the way of the endowment, this was the foundation of the paper credit. The brief of the title contained but one word, Robbery.

Hosted by Google

MR. WHITE'S "PRACTICAL GUARANTEE."

Mr. White, in referring to the discussions which preceded the issue of Assignats, says that "Oratory prevailed over experience and science," and the issue was legalized. And, in his effort to create an argument, which would be utterly without support, if he could not find *that the Assignats had an absolute and an accredited property basis*, to secure their ultimate redemption, so as to give them a character and a support corresponding to the property basis of our greenbacks and national bank bills and our bonds, he says, "THAT NO IRREDEEMABLE CURRENCY" (by this he means currency not based on or redeemable in gold on presentation)—"HAD EVER CLAIMED A MORE SCIENTIFIC AND PRACTICAL GUARANTEE FOR ITS GOODNESS AND FOR ITS PROPER ACTION ON PUBLIC FINANCE." Here, then, we have Mr. White's opinion as to what constitutes a "practical guarantee." His whole argument is, as a necessity, based upon it: if the "guarantee" fails, the argument fails. If the real estate robbed from the Church, taken without a pretence of title, in the teeth and in defiance of the principles of the Revolution, of its laws, of its constitutional provisions, and of the rights of property universally adopted by all civilized governments, constituted a safe basis, a clear and unquestioned title—a title and basis equal to that given by the government and laws of the United States as security for the payment of its bonds and the redemption of its currency, then there is something in the experience of French Revolutionary paper credit —some force in the argument. But if the basis *was mere confiscation* by *an unestablished Revolutionary cabal*—without imputed crime to the clergy; without trial; without compensation—then it was robbery; and the title, based on the robbery, was the sole "practical guarantee." It is an insult to our people, to our government and to our resources, to compare the basis of the Assignat and the Revolutionary irresponsibility, to our resources, responsibility, credit, stability and integrity as a nation. Mr. White may, by some "scientific" process, unknown to the world at large, prove that lands thus confiscated constitute a practical guarantee of title; and that mortgages,

Hosted by Google

based on such a title, create, as he asserts, "A UNIVERSALLY RECOGNIZED AND PRACTICAL SECURITY." But he answers and refutes his own argument. For he says that the security was never "universally recognized," and the fact is demonstrated by the open, continued and ceaseless opposition to the confiscation and to the title. As I have shown, the whole Catholic Church, the whole body of the landed proprietors of France, the Nobility, and its people, denounced the confiscation, denied the Revolutionary title, and finally repealed the Act of Confiscation, and made restitutution to the owners of the land.

He says it was "A UNIVERSALLY RECOGNIZED AND PRACTICAL SECURITY." After making this assertion—and it was necessary for him to make it, or he could not find even an apology for an argument for the idea that the situation of affairs and the credit of the Revolutionary government were similar to our situation of affairs and government—Mr. White proceeds almost in the next paragraph of his argument to prove beyond dispute that no one outside of the National Assembly, no one beyond the parties voting for the confiscation, ever recognized the Assignat as a practical and safe security. It was openly, daily and everywhere denounced, questioned, refused and held in doubt. It depreciated, and the Revolutionary government was forced to make it a penal offence, a crime, to express a doubt as to its value. More than this, it was forced to use the whole power of "the Revolutionary tribunal," and to legislate over and over again pains and penalties against all who dared to question the value of the Assignat. The National Assembly was forced to pass the law known as *the maximum*, which regulated prices and compelled the vendor to accept the Assignat as payment; and yet, in the face of all these legislative penalties, no one would recognize it as a practical or safe security, and the tide of opposition was such that it was swept out of existence, out of credit. It became so worthless, this "*universal and practical security*," that a beggar on the streets would scorn the offer of one.

"NATURAL LAWS."

Mr. White seems to be impressed with what he calls the "Natural Laws of Finance." Precisely what this means, how

Hosted by Google

nature worked it out, or by what divine impulsion gold and silver came to form themselves into money, he does not advise us. The Bible tells us that silver and gold were used as money—as measures of value: but by virtue of what decree, under what laws, or by virtue of what exact fact the metals came to be used, he does not explain. Silver, like gold, is a product of the rocks—of the earth—of the mountains. Both have to be extracted from the hidden rock, the deep imbedded crevice, by labor, by exploration, by patient search; and when found they have to be melted, refined and prepared for use, and their value is measured by the labor it costs to prepare them for use. No natural law makes them money, any more than it makes them ornaments. That these metals are capable of *being worked* into symbols, and as such they are less likely to change, and from their compactness and cost they became convenient measures of general value, is admitted; but that they have any natural force as money is denied. Legi slation has adopted them as measures of value, and made them value itself; but the idea that natural laws have imposed them upon nations and peoples as the only standard of value is simply absurd—*art* having first separated them from their combinations with other minerals.

Silver, so far as its use—so far as history, so far as legendary knowledge leads us back—has been the money of the world and of the people to an infinitely greater extent than gold; and yet it is now demonetized and the bond sharpers, and the Shylock knaves of Lombard and Wall streets kick it aside, and refuse to use it as money, simply because "the natural laws of finance" have taught the money tyrants that if silver is recognized as money, received as such, and made a legal tender, there is too much of it for the few to monopolize; that corners cannot be created, and commerce trade and industry be paralyzed and subjected to the grasping will of a few millionaires, who gamble on famine, and are ready at the stock board to bury the nation and subjugate mankind if they can win the spoils or luxuriate upon the profits of the down-trodden and unfortunate. The Natural Laws of Finance, as Mr. White understands them, would have killed the French Revolution at its birth. They would have strangled our Rev-

Hosted by Google

olution in 1775, and kept us slaves to impost exactions and kingly impudence. They would have brightened up the links in the handcuffs and chains with which slavery in 1860 undertook to bind the Nation. "A Natural Law of Finance" which admits of no credit, of no paper currency but such as represents "a certain weight of precious metal of a certain fineness," and which subordinates every obligation to the payment in coin of that given weight and fineness, is a refinement of Natural Laws such as may answer the selfish individuality of the capitalist—but the freeman will not, cannot, should not submit to it. This is what Sir Robert Peel succeeded in establishing in England in 1844, under the Bank Act. But its crushing tyranny, its outrageous insolence, and its disastrous consequences —after having cost the English people more than 3,000,000,000 of dollars in three years—was denounced, condemned and in the emergency abandoned.

What right, natural, legislative, forced or social, have the $150,000,000 in gold, in the United States, to dictate to all other values, to all other products, to all labor, and to all industries, and say, You shall be measured, controlled, regulated, and governed by me? Not a dollar has ever been lost by the paper credits of the United States since the adoption of the Constitution; but the losses, the ruin, the bankruptcies, and the fatal failures which have resulted from banks making gold the basis, are written in the history of every crisis for over three-quarters of a century, and aggregate very many times the amount of the national debt—making a sum, the full value of which the mind of man is incapable of measuring. But who will attempt to estimate the amount of human misery and woe which this system of fraudulent specie basis has entailed upon the American people?

To-day our system of paper credit is national, governed by national laws, secured by national responsibility, and is the best ever devised. Shall we give it up, and place ourselves in the hands of individual capitalists, stock-jobbers and gamblers in public credit—and thus bring ourselves as subjects to those "natural laws of finance," which enslave all progress, prosperity and industry to the cupidity of capital? This is what the argument of Mr. White leads to. It is a relic of feudalic power, and thank God the people will discard it.

Hosted by Google

SHALL INDIVIDUAL CREDIT SUPERSEDE NATIONAL CREDIT?

Mr. White, adopting the discarded lunacy of Sir Robert Peel, tells us that we are on the "DOWNWARD PATH OF INFLATION," and "THAT ALL PAPER MONEY WHICH CANNOT BE CONVERTED INTO SPECIE AT THE WILL OF THE HOLDER, CANNOT DISCHARGE THE FUNCTIONS OF MONEY." *That it* ALARMS CAPITAL *and diminishes legitimate enterprises.*

He brings himself finally to say that he has no faith in national credit based upon national resources, by the declaration that "HE HAD RATHER HAVE A MORTGAGE ON A GARDEN THAN ON A KINGDOM."

In other words, he goes back in the tide of civilization, resisting the progress of liberty to the individualism of the middle ages, to that period when men were serfs to the soil and slaves to the baronial lords. He does not seem to comprehend that it is possible for any people, however secure their resources, or however certain and ascertained may be their productive wealth, to establish for themselves a system of internal exchanges, credit and circulation. He would recognize no currency independent of the fluctuations, wars, and dominations of other governments. And that because the "*inexorable laws of finance*" declare that "all systems of paper credits tend inevitably to expansion, inflation, and depreciation."

He did not stop to read the history of the United States for the last fifteen years, or he would have found his "*inexorable laws of finance*" utterly annihilated by inexorable facts. Greenbacks, bonds, and national bank bills were issued when necessity demanded their issue; when the life of the nation was at stake; when Rebellion, with all its forces was rampant, and liberty was in danger; when the necessity of war ceased the issue ceased. There was no "inevitable" expansion, no inflation, except that which the "inevitable" calamities of war demanded. When the war ended—even before—the spirit of national honor, national faith, and national responsibility were united. The government and the people were active and at work to provide for every dollar that was issued. Greenbacks,

Hosted by Google

bonds and national bank bills, commenced to appreciate, grow in value and in confidence day by day; every day growing better; every day diminishing in amount in proportion to our resources, and never for a moment depreciating, till to-day they are stronger, more secure and better than any other paper credits of the world.

This result has flowed from the fact that the good faith of the nation—its property—its honor were and are pledged to form the credit. It was and is the associated credit of all the people and all the resources of the United States. It forms the highest security civilization can offer. Each man of the nation is pledged to every other man of the nation, and every man to each man for its security. In one word it is the associated credit of all for each individual, and is just as much stronger than any individual credit as the nation is stronger in its aggregated strength than the isolated individuals which compose it. I deny that there is any inexorable law of finance to stand in the way of paper credits, or to render dangerous the establishing a circulation based on the faith, honor and resources of the government of the United States. To question it is to question the stability, the good faith, the integrity and resources not only of the government itself, but of the mass of the people who unite to form the government.

We all know that the representatives of dead capital, or accumulated money, who represent the individualism of capital, deny the fact that conventional money—that is to say, the principle of credit based upon the associated wealth and responsibility of a nation in the form of circulation, can rightfully be considered money, or with safety be relied upon as such. But we know as well that the history of the Bank of England and the history of the greenback give the lie to the assumption.

The question then between the individualism of dead capital and the faith and responsibility of the United States, representing all the property and all the productive fruitfulness of our active and living capital, is

Hosted by Google

WHICH IS IT SAFER TO TRUST?

The men who would demonetize silver and all other bases of circulating credit but gold, and thus place it in the power of any ten men, possessing the cupidity and the tyranny of capital, such as often have and are always ready to create their Black Fridays, or the aggregated credit, responsibility, honor and duration of the government of the United States?

Mr. White may prefer the "inexorable" gold speculator and satisfy himself with the "mortgage on the garden." I prefer the responsibility of the nation and a mortgage on its honor, its aggregated lands and its living, acting, productive resources, and so do the people.

In his attempt to exaggerate the influences of Assignats upon industry, trade and commerce, Mr. White has charged the whole round of calamities which had resulted from the unmeasured extravagancies of Louis XIV. from his endless wars, from his pensioned favorites, to the corrupting influence of paper expansion. He has not stopped to consider the condition of France under the regency of the Duke of Orleans, who yielded his ascendency when Louis XV. ascended the throne, overwhelmed in debt; who forced John Law into the wild ballooning of his Mississippi speculations to raise money to meet his unequaled extravagancies; who had exhausted every means of taxation, every avenue of credit and burthened every order of industry, till commerce, manufactures and labor were reduced to the direst extremities of want; and who bequeathed to Louis XV. as his subjects thousands of men, women and children, dying of hunger, artisans without labor, labor without reward, and a kingdom dominated over by reckless debauchees who lived on the fruits of the profits despoiled by hundreds of millions from the people who had been swindled by the wild speculations he had favored, supported and ruined. He did not stop to paint the condition of France after the long reign of debauchery, extravagance, favoritism and licentiousness which culminated in a total exhaustion of the credit, resources and faith of the French people, when Louis XV. made the nation heirs to a debt the most enormous ever known to France and to subjects exhausted by a system of taxation and of feudal ex-

Hosted by Google

actions which made 25,000,000 of people the hewers of wood and the drawers of water to 150,000 nobles and priests—to want such as made men live on fern bread and grass, like cattle of the field. It was this state of things which overwhelmed every industry and paralyzed every effort to sustain royalty in France when Louis XVI. ascended the throne. It was the crippled and exhausted condition of France which led to the convocation of the States-General. It was the worn-out expedients of Bourbonism, the selfishness of power and the selfishness of the pensioned nobility which led the States-General to proclaim themselves the power, and the throne the subject of the people. It was these calamities which made the Revolution; and nothing less than the blind science of those "inscrutable laws of finance" could have blinded the eyes and the intelligence of Mr. White, to declare that it was the issue of Assignats and not the prostrate condition of France when they were issued, which—

> "Diminished legitimate enterprises,"
> "Led to extravagancies," "annihilated industry,"
> "Stagnated enterprises," "killed all far-reaching
> Undertakings," "increased gambling," and "created
> Want of faith" and stock gambling.

These are the terrible indictments Mr. White presents against paper credits. But it is amusing to see how easy a great, wealthy and prosperous people may be demoralized if Mr. White's arraignment be true.

According to his pamphlet "legitimate enterprises were diminished," and "the demand for labor and its products was decreased," business "grew more and more spasmodic," and there came a collapse in manufacturing and commerce as early as the spring of 1791. So "that the business of France dwindled into a mere living from hand to mouth." And there was a "complete uncertainty as to the future." This was all charged to the Assignat, to paper credits.

Up to this time the Revolutionary government had issued but 1,200,000,000 francs—or a little less than $250,000,000 in Assignats. According to Mr. White they were well secured; and they had only been used to pay the actual expenses of government. He did not tell us that the nobility and the clergy had

Hosted by Google

withdrawn from France all the gold and silver they could control or command, that they had crippled France in all its resources, that they had left it to battle against it as a Republic; and that every cause which tended to diminish enterprise, paralyze industry, cripple manufacturing, or depress starving labor was in full tide before a dollar of Assignats was issued—that but for the Assignat there would have been neither money, currency nor order. And I confess myself unable to appreciate, how $250,000,000—simply issued to pay the expenses of government, at a time when money was not only needed, but was a necessity, should, while that currency was in credit, and was absolutely required to fill the place of the money withdrawn by the Emigrès, prostrate credit, and render all business operations spasmodic and uncertain. Mr. White attributes to paper credits, evils, misfortunes and losses which existed before the paper credits existed. He does not tell us that this uncertainty as to the future, "this spasmodic trade," "this ruin of manufacturing," "this subjection of labor," indeed that all "legitimate enterprises" were arrested by the causes which produced the Revolution itself. That it was political oppression that had killed labor; that it was taxation and tyranny which had crippled commerce; that it was feudalism running riot in licentious debauchery that had overthrown royalty and created civil war in France, and these were the causes of all the social and political and industrial uncertainties, instead of the fact that $250,000,000 had been created and been paid out in legitimate enterprises. If the "inexorable laws of Finance" attribute these calamities to the issuing of Assignats, we can only say that these laws are inexorable nonsense.

Again Mr. White says that

"SPECULATION AND GAMBLING"

Were another outgrowth of the loose luxury which paper credit gave rise to. Indeed this was the greatest national struggle the world had ever known, in which a people for eight hundred years anchored to Feudalism under Bourbon kings, and a landed aristocracy of 150,000, rose in their might, to break their

Hosted by Google

feudal chains, drive their tyrant landlords from the soil, and battle old tyrannies in Europe till they crumbled and yielded, so that the 150,000 land-holders gave way to 6,000,000 owners of the soil, so that feudalism is conquered and dispelled by liberty, and so that Bourbon kings gave way to Napoleon and the people; and yet Mr. White sees nothing in this—nothing in the Revolution, but makes speculation, stock jobbing, and gambling the sequence of paper credit, and paper credit alone. It is simply absurd. He admits that there was a want of faith in everything, in every virtue assumed and in every patriotism asserted. This want of faith has always created speculative action and forever been the companion of the gambler.

But gambling and speculation have existed in a purely specie state of credits to an extent as far outreaching that which existed in Paris from 1789 to 1796, as millions are to thousands. In England, from 1844 to 1848, speculation and gambling were ten-fold greater than in France from 1789 to 1796, and all transactions and credit were based on gold, and gold alone. So too in California from 1848 to 1860, gambling and speculation entirely outreached that of the capital of France during the Revolution. As well might it be said that the South Sea bubbles of 1825 were the result of specie payments in England as to say that the oil speculations of 1864 and 1865 were the result of paper credits. The fact is that men will always speculate and gamble at the stock board and everywhere else whenever the chances of large gains and small risks are presented. The quality is planted in human nature and not in greenbacks. It is the result of the cupidity of man and not of paper credits; and notoriously flourishes more under a centralized system of bank-credits—loans and deposits—such as exists in England to-day, than in a decentralized system of national paper money, which by giving increased power of association and consequently increased prosperity to the many, as well as to the few, decreases *pari passu* the power of those few over the many.

But Mr. White, like all other theorists of his class, parades "John Law with his Mississippi bubbles," "Continental money," and "The money of the Southern Confederacy," as

Hosted by Google

parallels with our present paper credits. Are they parallels, or do they furnish any argument against our stability and our own credit? That is the question I propose briefly to consider and briefly to answer.

JOHN LAW.

John Law appeared in Paris in the midst of the glare and saturnalia of debauchery, licentiousness and extravagance of the Regent, the Duke of Orleans. He was there as an adventurer, there at a period when Louis XIV. had ex-exhausted France by wars, by taxes, by Feudalic tyranny and by extravagance; there, when every resource was exhausted, when human endurance could endure no more—there in 1716, when kingly arrogance had done its worst to exhaust the finances, ruin the state and bankrupt the treasury—there, at a period when every moral and religious obligation was the sport of the aristocracy, when the Duke of Orleans entered upon his career by deliberately annulling the will of Louis the Great and assuming the prerogatives of royalty.

Law believed in the system of associated credit, in industry as the source of all wealth, in keeping in motion all the activities of the nation; he also believed that the wealth and prosperity of every nation depended upon commerce and an enlarged and well-perfected system of exchanges, that commerce could not be carried on without money, and that money should be supplied in quantities equal to every legitimate demand for its use. He above all believed that prosperty consisted in developing the productive wealth of the people and not in a dependence upon the precious metals; money to him was alone valuable, first as a sign or emblem of wealth; second, as a measure of values, and third and mainly, as an instrument of exchanges. He foresaw the disastrous effects of gold and silver as a basis in times of excitement and scarcity of the precious metals, and he essayed to provide against those effects. But he could not, had he possessed the gift of prophecy, have more clearly foretold the ruin and losses which a pure metallic basis may produce, than resulted from the crisis under the bank act of Sir Robert Peel in England in 1847,

Hosted by Google

when not a pound of gold, or a Bank of England note, which alone were legal tenders, could be borrowed on £60,000 in silver; and again in Calcutta, in 1864, when not a dollar in silver, which was the sole legal tender, or of paper money redeemable in silver, could be borrowed on £20,000 in gold.

With such views John Law established a bank in Paris with the avowed purpose of creating between all the people of France a unity of efforts, of interests and of hopes. By this money he proposed to supply to trade, commerce, and industry, the means of fully developing the productive powers of France. His theory was based on the idea that labor is capital, and that through the intervention of the government every faculty of production was entitled to sufficient credit to put and keep it in motion. To this end he issued paper money bearing the seal of the State. He invited deposits, and on these deposits, which were large, he made loans. He possessed himself a capital of more than $500,000. He accepted government bills which were then sold at a discount of between 70 and 80 per cent. in payment of the capital stock of the bank, and the stock was soon taken. His success and that of his bank were immense. He won the confidence of the masses, and assuming that there was no real standard of values in France, he undertook to increase what he termed capital by considering the profits he anticipated as already earned. For a time the profits earned were enormous. With a view to extending them he established the Mississippi and West India company, based upon the scheme of colonizing the lands of the company, and drawing profits from the enterprise. This company was soon absorbed into the company of the Indies, with a capital of 1,600,000,000 livres. Stock gambling commenced its work, and the stock of his company rose to from 30 and 40 times its nominal value. Every kind of Utopian fallacy worked its way into the system. He proclaimed the theory that capital, like the heart's blood, must be kept in circulation to insure the prosperity of all; that the use of it belonged to all, and that this circulation could not be frustrated without committing a crime against the people. To put his bank into successful operation he required and obtained the sanction and support of the Duke of Orleans, then occupy-

Hosted by Google

ing the throne as Regent of the boy Louis XV. This gave him the prestige which drew to him the Bourgeois as well as the Nobility. Specie flowed into his vaults in prodigious quantities. He won universal confidence. His manners were courtly and magnificent. Pleasing every one, and enchanting the court, be became the idol of Paris. The success of the bank, wild as were its theories and its course of business, was immense. So certain a resource did it seem that the Regent decided to make it a Royal institution, and surround it with the instruments of his own creation and control. Law reluctantly yielded his consent, but yield it he did. From that moment Law lost direction of the bank. This was in 1718. The State became the proprietor of its capital, and at once set in full operation the gigantic speculations stimulated by the exclusive right of trading in the Mississippi Valley and the Indies. The inexhaustible riches of the Indies and the great natural resources of Louisiana inflamed the public mind to the wildest excitement and dreams of gain. The capital stock of the bank was doubled, and the bills it issued were received for the new shares. The Regent gave a lease of the public taxes to the bank in consideration of a loan of 1,200,000,000 francs. Every idea became centered in the enormous profits expected to be realized from the Mississippi and India companies. No attention was paid to any other basis. It is true that immense quantities of specie flowed into the bank, but the issue of its bills exceeded 3,000,000,000 of francs, while its specie did not exceed 700,000,000. Towards the close of 1719 princes, prelates, women, waiting-maids, courtesans, lackeys, shop-keepers—indeed every element of French life—was reveling in the gains and speculating upon the profits to be realized. Suspicion began to be felt by the cautious, and specie was demanded for the bills; the demand daily increased and grew into excited and passionate frenzy just in the ratio that the specie diminished. It was demanded and taken by cart loads Payment in specie was interdicted by the government in sums above one hundred francs, and finally it was totally prohibited. Violent means were adopted to enforce the decrees, but it was impossible to resist the tide of reaction. Public confidence was gone, and the hollowness of the whole system becoming mani-

Hosted by Google

fest, a universal panic followed, till on the 13th of July, 1720, it was compelled to suspend, and bankruptcy and ruin were the results. *But it will be observed that Law's bank was on the gold basis; its theory of redemption was Mr. White's theory!*

The bank and its paper credits, which Mr. White undertakes to assimilate to our paper money and credits, had not a single element in common with our system. Primarily its basis was gold, beyond this and founded upon it, its basis was profits to be made out of the wildest scheme of speculative plunder with which the world has ever been gulled. And when men of the historical learning and research, known ability and character of Mr. White, undertake to draw a parallel between Law's paper money, under the control of the most dissipated, licentious and extravagant debauchee who ever disgraced a government, issuing paper without limit and without a real basis; it shows the desperate shifts to which capitalists are driven to lure the public into the belief that there can be no system devised except such as has gold as its absolute basis.

But not content with placing the United States on a par with the Duke of Orleans, and our resources in comparison with unearned and moonshine profits of the Mississippi, he points out to us the fate of the

CONTINENTAL MONEY,

issued by the colonists, as another example and experience to warn us against the fatal consequences of paper credits. Facts known to every school-boy refute the argument, and yet it is daily appealed to and cited as if it presented undeniable grounds of similarity and unimpeachable reasons against all national credits and all paper money. What then were the situation and facts as to the issue of Continental money?

In June, 1775, the Continental Congress was in session. It had declared all accommodation with England impossible unless it would recede from its legislative right of taxation without representation then assumed and acted upon, and allow the Colonies to regulate their own internal affairs, which it defiantly refused to do. British armies were quartered in our cities and we were to be forced into submission. The battle

Hosted by Google

of Bunker Hill had been fought. Warren had fallen a martyr to liberty and Congress was utterly without means to continue the war. How to raise money was the absorbing question of the time. *Congress had no power to levy taxes. No power to enforce its legislation. No power to bind any one of the Colonies, merely by way of recommendation, and it did not possess a single element of that sovereign power essential to nationality and the absolute requisite as a foundation for credit.* It was a convocation of statesmen to deliberate and recommend. It had no charter as a government. No executive head, no means of support. But it was composed of such men as Franklin, Jefferson, Henry, the Lees, Morris, Carroll, and the Adamses. They knew that the colonists were attacked in their homes, in their rights, and that the storms of liberty were everywhere about them. There was no commerce, and therefore no duties, no power of taxation and therefore no taxes; no means of redemption and yet they must have money. This they could only obtain by creating a credit without a basis. Under the pressure of necessity they decided not to give up the ship—and thank God they did not give it up. They issued $2,000,000 in bills of credit on the pledged faith of the Confederated Colonies. It was the last hope of the brave men who were to cope with the British throne for ascendency in America, and they took the responsibility. Sink or swim, live or die, they determined to be free. The army was without powder, without artillery, without money, if they could not create it; but create it they did—and they went on creating it—for they were working with men who shouldered the musket or the scythe; living on parched or dry corn and such game as they could find, marching to battle, to victory and to death to found Liberty and oppose oppression. The money they issued had no tangible or recognized government to give the slightest assurance of repayment, and yet this money went into circulation, and for the time saved the Revolution, enabling the people to take the first great step towards Independence. It was the great reliance of the patriots who laid the foundations of that empire which to-day is showing its fruits and its progress, its wealth, and its achievements, its glory and its power, at the Centennial. Yes, it was the reliance of that army, which shoeless, ragged almost starv-

Hosted by Google

ing, marched its way over the fields of New Jersey, marking its passage by its blood-stained foot-steps to the victories of Trenton, Princeton and Monmouth; thus inspiring courage and hope, and illumining the future with the renown of Saratoga and the glory of Yorktown. And as such we thank God for the Continental currency. For the good it achieved; for the Liberty it helped to win, and in the name of the nation it aided to found we bow in reverential thanksgiving to its originators.

That Continental currency became worthless may furnish occasion for the bullionist to decry all national paper credit, and curse the memory of the men who gave it legislative sanction, but the result has commanded and ever will command the praise of mankind.

The situation of affairs when it was issued, is as unlike the situation of the United States to-day as the government of St. Domingo (and Mr. White knows what that is,) is unlike the government of England. There is neither parallel argument nor a single element of common sense in parading the failure of Continental currency as having the slightest connection, comparison or feature in common with the Greenback, National Bank Bills, or Bonds of the United States—and a cause which can only support its theories by dragging Continental paper money to its aid—with a view of depreciating the credit of the United States—must be hard pushed for arguments.

But Mr. White places his advocacy of gold as the sole basis of credit, upon another and still more desperate experience, and asks the people of the United States to give up faith in themselves, in their honor and in their future, because the

"SOUTHERN CONFEDERACY"

issued paper money which it failed to redeem, and which became worthless. If this is a good reason why gold should be the only basis, and if no government or people can be trusted, and if faith and honor are extinguished because the Southern Confederacy, after having failed in its struggle to sustain slavery, and failed in separating itself as a political power from the government of the United States, failed to pay the notes it issued to support itself in the struggle, then God save the mark. mankind are to be pitied.

Hosted by Google

The argument attempted by this support is worse than weak—it is ridiculous; it shows that the partisans, who have demonetized silver and are now hazarding public credit, feeding the alarms and propagating the want of confidence which have already closed our factories, driven laborers from their labor and industry from its rewards, and men and women to despair, under the cry for specie payments, are ready to resort to any bugbear or scare-crow to deceive the people and place the destinies of trade, industry, labor and credit in the hands of gold speculators.

The Southern Confederacy money failed, *but its bonds failed as well*, because the South lacked the strength of arms, the industrial resources and the credit to win its battles and establish its independence. It failed because the Confederacy failed, and the Confederacy failed because it was wanting in resources to support the Rebellion which gave it birth. The money it issued was purely revolutionary—it neither had nor pretended to have any basis, unless the South should happen to succeed in disrupting the Union; it did not happen to succeed. It failed, and its money and its bonds as well, staked on a chance, went into thin air. *If these facts form the basis for an argument against paper money they form an equally strong one against bonds, the curse of the nineteenth century.*

The government of the United States has not failed—but is stronger to-day than ever before; its credit better established and more secure than at any other period. For a hundred years it has gone from progress to progress, from achievement to achievement, always paying, always keeping faith, and, unless there shall in the future be some better, plainer and more tangible reason for doubting its credit and yielding up its honor and its financial independence to the chances of gold speculators than the fact that the Southern Confederacy failed to pay its bills, we shall reach another Centennial of glory, stability and honor, even though Mr. White is to-day mourning over the fate of our paper money, as the probable instrument of our bankruptcy, failure and ruin.

But Mr. White admits the fallacy of his own argument. He says "that paper money sets in motion all the energies of commerce and manufacture" that with it "capital for invest-

Hosted by Google

ment is more easily found than usual, and that trade receives fresh nutriment" from it, and that "if this paper represents real credit founded upon order and legal security, from which it can derive a firm and lasting value, such a movement" as putting it in circulation "may be the starting point of a great and widely-extended prosperity;" that "*If*," as he says, "*on the contrary the new paper is of precarious value, as was clearly seen to be the case with the French Assignats*," it can have "no lasting beneficial fruits." In this I entirely agree with Mr. White. If therefore our paper money "*represents real credit*," and "*is founded in order and legal security, from which it can derive a firm and lasting value*," it becomes the foundation for a "*widely extended prosperity*."

Was our greenback then founded in order? It originated with the best minds, under the most patriotic impulses, and had as careful and well considered legislation to authorize it, as human experience can afford. This establishes the fact that it was "founded in order," or our whole theory of legislation is unworthy of credit or respect.

Does it "*represent* real credit?" It represents the absolute credit of the Government, people and property of the United States. A credit which has made our bonds a security acknowledged by the commercial world, and placed their value above that of gold in all the great money centres of Europe and America.

Does this paper money "Derive a firm and lasting value" from the fact of its having been issued and founded "in legal order," and as representing the integrity, credit and durability of the United States?

This question depends upon the answer of the people of the United States, and the opinion of the civilized world, as to our durability and integrity as a government.

If our people are devoted to the Government and can be relied upon to sustain it, then there is nothing of greater "value" than our credit, nothing more "lasting" in human institutions than its duration.

That the civilized world believes in the "lasting value" of our credit, is shown by the value, in the greatest money market of the world, of our bonds, which to-day bear a premium above

Hosted by Google

gold, and which increase in value just in proportion to the time they have to run—*those payable at the longest period, principal and interest, in paper money, bearing the highest premium!*

These facts demonstrate the value and permanence of our paper money as a medium of home exchange. Upon the other hand we have the admission of Mr. White that French Assignats were of precarious value, and as I have shown, were issued by a purely Revolutionary government, with a doubtful title to property for their basis, and with manifold reasons to accelerate their worthlessness; all of which goes to demonstrate that their failure in no way tends by way of parallel to establish the truth of the assertion that our legal tender paper money is not entitled to be considered as a true standard of payment. Having demonstrated these things I have accomplished the object which I had in view in reviewing Mr. White's Pamphlet.

Hosted by Google

APPENDIX.

Mr White gives the circulation of Assignats at 45,000,000,000 of francs, without giving figures or facts to show how he reaches the sum. I have given the issue up to the middle of May, 1795, showing

First issue, Dec., 1789, 400,000,000 francs.
Second " June, 1790, 400,000,000 francs.
Third " Sept., 1790, 800,000,000 francs.

These issues were increased from time to time to meet expenses of government till May, 1795, when the issue had reached the sum of 11,855,831,623 francs, of which sum 3,715,000,000 francs had been redeemed and cancelled, leaving in circulation about 8,140,000,000 francs.

August, 1793. The issue had been 4,616,000,000 francs, of which 840,000,000 francs had been redeemed, leaving then in circulation 3,776,000,000.[1]

The 15th of May, 1795, terminated the legal and legitimate issue of Assignats. The fall of Robespierre terminated their credit. At this time they were not worth in the market over six cents on the dollar.

To show that there could have been no such issue as Mr. White states, we have but to look at the facts. FIRST. That May 15th, 1795, the entire outstanding issue of Assignats was but 8,140,000,000 francs. SECOND. The expenses and expenditures of the government per month and year, and THIRD. The fact that the Assignat was so totally discredited in January, 1796, that the government stopped their issue, and issued Mandats in their place, and in February, 1796 destroyed all the plates from which they were printed.[2]

---

[1] LOUIS BLANC, *History of the French Revolution.* Vol. 12, p. 111.
ALISON, *History of Europe.* Vol. 1, p. 346 and note; p. 378 and note.
Report of Bourdon (de l' oise). *Moniteur.* 3d year, No. 231.
THIERS, *French Revolution.* Eng. Ed., p 322.

[2] LOUIS BLANC, *History French Revolution.* Vol. 12, p. 96.
ALISON, *History of Europe.* Vol. 1, 240.

Hosted by Google

Hosted by Google